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This Country Commercial Guide (CCG) presents a comprehensive look at the Denmark's commercial environment, using economic, political and market analysis.

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1. EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive overview of Denmark's commercial environment, using economic, political and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. embassies through the combined efforts of several U.S. government agencies.

Denmark is a constitutional monarchy which shares a southern border with Germany and which is connected by bridge to southern Sweden. Its total area of 43,093 square kilometers is slightly larger than that of Massachusetts and New Hampshire combined. The country offers a home market of 5.35 million people, and its modern infrastructure and distribution system, a highly skilled labor force, and its central location make it an excellent distribution point for the Scandinavian, Northern Europe and Baltic markets, with a total population of over 50 million. Denmark's standard of living, per capita GDP of \$30,400 in 2000, is among the highest in the world.

The United States is Denmark's largest trading partner outside the European Union (EU) and has a share of roughly five percent of the Danish import market. Political and commercial relations with the United States are excellent.

Denmark is one of the 15 members of the EU. Its economy is heavily export oriented and is, therefore, a firm advocate of liberal trade and investment policies. It actively encourages foreign investment. About 300 American subsidiaries have been established in Denmark. Foreign investors in Denmark face very few ownership restrictions. From 1997 through 1999, U.S. direct investment in Denmark almost quintupled to some \$10.2 billion (at market value using the current DKK/\$ exchange rate). Most of the increase in U.S. direct investment has been in the form of acquisitions of Danish Information Technology and telecom companies. The Danish Government on May 2, 2001 signed a "Treaty Investor" protocol to the 1951 U.S./Danish bilateral Friendship, Commerce and Navigation Treaty providing for granting of non-immigrant treaty investor visas to managerial staff to be employed in direct investments made by companies from either country. The protocol, as of July 2001, awaits U.S. ratification. Foreign investors in Denmark receive national treatment. Denmark has a well-established system of commercial law. Expropriation is almost entirely limited to public construction purposes for which compensation is paid. Denmark has no restrictions on capital transfers and no foreign exchange restrictions. Worker productivity is high, inflation compares to that of other EU countries, and corporate taxation is among the lower in the EU. Danish wages are high, but employer contributions to social welfare are very low, which results in lower total labor costs than most northern EU members. Intellectual property rights are well protected.

Denmark buys from the United States industrial machinery and capital equipment, including computers and telecom products, and software, aircraft, and scientific instruments. Other important U.S. exports to Denmark are military equipment, chemicals and pharmaceuticals, tobacco, wine, fresh vegetables, forest products, and nuts. American owned firms in Denmark are prominent in information technology (IT) and telecommunications products and services, and in the offshore oil and gas exploration and production industry.

The most promising prospects for market growth for U.S. non-agricultural companies in the forthcoming year include IT and telecommunication equipment and services, tourism services, environmental control equipment, electrical power systems, offshore oil and gas field equipment, and advanced medical equipment. The most promising agricultural export prospects are wine, forest products, foodstuff (including pet food), fresh vegetables, and processed foods.

U.S. companies are expected to maintain and expand their market share in forthcoming years. Particularly in high-technology areas, such as information technology and medical equipment, U.S. companies are already market leaders and are expected to increase their lead. The presence of about 300 American-owned service, sales and manufacturing companies engaged in a variety of trades proves that the Danish market is open and accessible.

The American Embassy in Copenhagen assists U.S. companies in their export efforts, not only to Denmark, but also through Denmark as a distribution center to the Nordic/Baltic region.

2. ECONOMIC TRENDS AND OUTLOOK

Major Trends and Outlook: Denmark's Social Democratic (SDP)-led minority government which took office in 1993 has succeeded in pursuing a carefully monitored stop-and-go economic and fiscal policy strategy, without jeopardizing medium-term economic growth, low inflation and the balance of payments. In the late 1990s there was some overheating of the economy as unemployment dropped far below its structural level. The balance of payments showed a temporary deficit in 1998, but has since turned positive again. Despite the Government's economic success, a number of problems have not been resolved: a large number of government transfer income earners, a growing public sector, and a continued large government debt. Economic restraint measures introduced in mid-1998 have shown their effects since mid-2000, dampening economic activity, not least by discouraging spending and borrowing by households. As a result, economic growth has been reduced from some three percent annually through 2000 to about 1.5% in 2001. It is expected to stabilize at about two percent in coming years.

The 1998 economic restraint package has primarily hit middle and high incomes, but the underlying strength of the economy has not suffered. Public budgets remain in surplus, the balance of payments surplus is increasing, and the slower economic growth is not increasing unemployment. The inflation rate of between two and three percent, and the Danish Krone's value vis-à-vis the EU's common currency -the Euro-, remain stable. Business investment, following several years of high average growth, is expected to come to a halt in 2001 and then increase slightly in coming years. Growth in private consumption turned negative in 2000 after annual increases in preceding years of more than three percent, but is now expected to turn positive again. Public consumption growth is projected at close to two percent in 2001, dropping to less than one percent in 2002. Public investment increased some six percent in 2000 with a similar growth projected for 2001. Imports of goods and services rose more than 10% in 2000 and are expected to grow some four percent in 2001 and 2002. Exports follow a similar trend. Consequently, the balance of payment surplus will remain stable at about two percent of GDP.

The Danish inflation rate averaging about two percent in recent years has ensured wage earners real income gains of between one and two percent annually. Annual wage increases are expected to continue to be some four percent annually.

Public and private sector employment is expected to stabilize in 2001 as a result of the 1998 economic restraint package. However, due to reduced inflows of new labor, unemployment will at worst increase nominally.

Official unemployment is among the lower of the EU countries – 5.4% of the labor force, or some 151,000 persons, in April 2001. Due to the present low economic growth, labor bottlenecks are limited, and mostly found in public health and education services. Despite the strong underlying economy, close to 20% of the working age population lives on some type of public transfer income. Although this number is falling, it remains a serious problem for the Danish economy and threatens the main pillars of the well known Scandinavian standard of living model (public education, health, care for children, and care for the elderly). The Government has succeeded in tightening availability to work rules and has made the government-funded parental leave program much less attractive than before.

Two-thirds of Danish trade is with the EU. The United States is Denmark's largest non-European trading partner, accounting for five percent (\$4.8 billion in 2000) of total trade.

Danish exports of goods rose more than eight percent in 2000, the highest growth since 1994, and are expected to increase by one-half of that rate in both 2001 and 2002. That also means that Danish foreign market shares are expected to remain stable. The Danish Krone is closely linked to the Euro. Therefore, since the Euro was established in January 1999, the Krone has depreciated more than 25% in relation to the Dollar, some 20% in relation to the Japanese Yen, 15% to the Pound, and close to 10% to the Norwegian Krone. These markets represent close to one-quarter of Danish exports and with the consequent improvement in the Danish competitive position, exports to those markets in 2000 rose by more than 18% compared with 13% to the EU Euro countries.

Growth in imports of goods in 2001 is expected to lag behind growth in exports, reflecting the effects of the 1998 economic measures. Despite the increased value of the dollar, which has impacted negatively on U.S. exports to Denmark, U.S. exporters are expected to continue their lead in high technology, particularly information technology and aerospace.

Business investment, corresponding to some 15% of GDP, rose more than 10% in 2000. This was mostly due to increases in investments in capital equipment by the private industry, in housing, and in ships and aircraft. The Government projects that business investment will remain stable at this level in 2001 and increase slightly again in 2002. Public non-commercial investment increased some six percent in 2000 with a similar rate of increase projected for 2001.

In 2000, the United States ranked seventh among Denmark's trading partners, and first among non-European sources, accounting for five percent of Danish trade in goods, six percent of exports and four percent of imports. Danish trade statistics measure the value of U.S. goods imports in 2000 as DKK 14.6 billion (\$1.8 billion), a drop of 1.7% from 1999. Danish trade statistics differ significantly from U.S. trade statistics, which show U.S. exports to Denmark at only \$1.5 billion in 2000. The difference may be due to Danish importers registering U.S. goods, which have been transshipped through other EU countries, as coming from the last port of call. Figures on Danish exports to the U.S. (\$3.0 billion in 2000) match U.S. import statistics. U.S. statistics show a U.S. trade deficit with Denmark of about \$1.5 billion in 2000.

Principal Growth Sectors:

Denmark is an industrialized “value-added” country, dependent on foreign supplies of most raw materials and semi-manufactures, however, more than self-sufficient in energy. This is reflected in Danish imports, which are very diversified. Major U.S. product categories sold are industrial machinery and capital equipment, IT and telecommunication products, aircraft, scientific and technical instruments, and military equipment. U.S.-owned firms in Denmark have large shares of the Danish market for computer software services and management consulting services. Other important U.S. sales include chemicals, raw tobacco, nuts and almonds, pharmaceuticals, and wood and plywood.

While the description of Denmark as an industrialized nation still holds, services, including “New Economy Services”, play an increasing role in the economy. This is becoming increasingly reflected in both the most important Danish growth sectors, and in Denmark’s trade with the U.S. Communication and information technologies, although hard to substantiate statistically, play an increasingly important role in the Danish/U.S. services trade and is a main pillar in the U.S. commercial presence in Denmark. Other important service sectors include management consulting and tourism. Approximately 150,000 Danes visit the United States each year. There is currently no U.S.-flag airline serving Denmark on a scheduled non-stop basis, however, SAS cooperates with United Airlines on trans-Atlantic flights in the so-called “Star Alliance”. Denmark and the United States entered an “open skies” aviation agreement in 1995.

Shipping is perhaps the most important service sector in Denmark and one which is dominated by the A.P. Moeller-owned Maersk-Sealand company. The United States is by far the most important market for Danish ship-owners, particularly those engaged in liner trade (container traffic), who account for some 15% of all container traffic to and from the United States. With the 1999 Maersk acquisition of Sealand and a fleet of U.S.-flag ships, and with the large number of Danish-flag and Danish-controlled foreign-flag ships engaged in shipping to and from the United States, total earnings from all Danish shipping engagement with the United States probably exceeded \$3 billion in 2000, i.e., more than the total value of Danish goods exports to the United States.

Government Role in the Economy:

The public sector, with its more than 800,000 employees (29% of the labor force), plays a crucial role in the Danish economy. The Danish (Scandinavian) wealth sharing policy is based upon the public sector providing essentially all basic services: health, social security, welfare and education. Created in the booming 1960s with full employment and far fewer women participating in the work force, the wealth sharing policy’s validity and high cost are important issues on the political agenda. It remains politically difficult to introduce any major changes. Some vital government services are now suffering under the high cost of financing transfer income payments and servicing the large public debt, which together consume close to 40% of total public revenues or 21% of GDP. Hospitals and child day care centers have too long waiting lists, which have led to use of private hospitals and private day care providers by wealthier Danes. As a result, an increasing number of Danes are purchasing private health insurance.

Privatization has been increasing in recent years. Many government-owned business entities have been sold (some only in part). These include: A life insurance company (100%), the national telecommunications company TDC (100%, U.S. company SBC Communications holds a controlling interest), short-term export insurance (100%), Copenhagen Airports (49%), and the government’s computer services company

Datacentralen (100% sold to the U.S. Computer Sciences Corp.) The large Postal Service and Danish State Railroads companies have also been turned into “private” companies, but still with 100% government ownership. Some public services, including sanitation, cleaning and catering to public institutions, are increasingly being privatized.

The Danish tax burden is among the highest in the world – close to 50% of GDP. The economic upswing in recent years has led to public budget surpluses, which peaked in 1999 at 3.1% of GDP and now are stable between two and three percent of GDP. In 2001, marginal income taxes (combined state, county and municipal) range from 39% (up to \$20,250 in taxable income) to about 60% (taxable income exceeding some \$31,500). In addition, wage earners pay a flat labor market contribution tax of nine percent of gross income in 2001. While the lowest income tax rate is gradually being reduced and the minimum income level gradually raised, the revenue loss is being more than offset by reductions in the value of tax deductions, notably debt interest payments and payments into capital pension funds. Most energy taxes are also being gradually increased through 2002. While the corporate taxation rate has also been reduced (30% in 2001), the business sector pays its part of the bill, through reduced credit periods for reimbursement of value added taxes.

The Government since 1996 has either removed or reduced many of the benefits of the earlier introduced leave programs and early retirement schemes. Nonetheless, 208,000 working age people were on early retirement or taking government-funded leave in 2000.

The public sector budget as a whole (including local government and public pension funds) was in surplus by DKK 32.1 billion in 2000 (2.4% of GDP). The surplus is expected to drop slightly in 2001 to 2.1% of GDP.

Denmark has decided not to participate in the third phase of the EU's Economic and Monetary Union (EMU), which started January 1, 1999 and introduced the common EU currency (the Euro). The Danish opt-out was re-confirmed in a referendum in September 2000. However, Denmark adheres to the economic policies of the Union, including meeting the convergence criteria for such participation. The Krone is firmly linked to the Euro with a very narrow band (2.25%) of Central Bank intervention rates. The government's monetary and exchange rate policies, built on the German model, aim at price stability and building international confidence in a strong Danish economy. Since the early 1990's, the Government has pursued a carefully balanced monetary policy, which has indeed preserved international confidence in the Danish economy and a strong Krone.

Despite Denmark's strong economy and stable exchange rate, Danish interest rates remain slightly higher than those of the Euro. Real interest rates are relatively high in Denmark, some four to five percent on mortgage and business credit, and six to ten percent on standard consumer credit.

Balance of Payments Situation:

The Danish balance of payments (BOP) showed a temporary and not very large deficit in 1998, but has since shifted back to a surplus again. So, except for a single year's deficit, the BOP has been in surplus since 1990. In 2000, the surplus amounted to DKK 25 billion (1.9% of GDP), and the Government projects the surplus to increase to DKK 28 billion in 2001.

Trade in goods (fob/fob basis) in 2000 produced a surplus of DKK 59 billion, up from DKK 47 billion in 1999. Trade in services produced a surplus in DKK 19 billion, up from DKK 12 billion in 1999. The travel account, traditionally in deficit, was mostly unchanged with a deficit of DKK 9 billion. Denmark, formerly a net recipient of mostly agricultural payments from the EU, since 1996 has been a net contributor to the EU system, in 2000 by DKK 3 billion. Net interest payments, including dividends paid to foreign investors, amounted to DKK 24 billion, up from DKK 17 billion in 1999. In addition, Denmark contributed about DKK 23 billion (1.7% of GDP) in humanitarian and environmental assistance to less developed and former east bloc countries.

In 1999, the BOP surplus together with a very large upward adjustment of market values of foreign shares held by Danes and a downward adjustments market values of Danish bonds held abroad reduced the value of the net foreign debt by more than one-third to DKK 175 billion or 14.2% of GDP. Opposite, but less volatile, adjustments in 2000 which were offset in part by the BOP surplus, increased the debt again by 25% to 16.7% of GDP. The projected balance of payments surplus in 2001 of about DKK 28 billion should assist a further reduction of the foreign debt to about 14% of GDP (excluding possible adjustments in the value of securities). Viewed over a longer period, developments in the net foreign debt largely reflect actual developments on the balance of payments.

The public sector's net foreign debt (including foreign exchange reserves of DKK 118 billion) was DKK 103 billion at the end of 2000, down from DKK 116 billion in 1999. The total public debt, domestic and foreign, at the end of 2000 amounted to DKK 607 billion (46.3% of GDP). The private sector's foreign debt (including commercial banks) stood at DKK 116 billion at the end of 2000.

Adequacy of the Infrastructure:

Physical infrastructure: The Danish distribution system has been ranked between the two best in the world throughout the last 8 years in the highly regarded "World Competitiveness Yearbook" by the Institute of Management Development (IMD), Lausanne, Switzerland. Denmark has a long-standing tradition for trade, transport and distribution, which combined with governmental investments and private business initiatives have developed the Danish transport, distribution and logistics system into one of the most efficient in Europe.

The strengths behind Denmark's top-ranked infrastructure in regard to central distribution are:

- Two international airports;
- Ten international ports with free port and trade zone facilities;
- Extensive road and rail network;
- International forwarders and integrators with bonded warehouse facilities; and
- Multi-modal distribution solutions.

Denmark's transport system is in a state of constant transition. Along with a variety of smaller projects, Copenhagen Airport, Billund Airport and the Port of Aarhus have and are investing approximately USD 1.5 billion in expansion. Investments of approximately USD 7.1 billion to construct two important bridges have further improved Denmark's access to international markets. The Great Belt Bridge, connecting Zealand - the island

on which Copenhagen is located - and western Denmark and Germany, was completed in 1998. The transit time between the two halves of Denmark has been cut from one hour to ten minutes, and the flow of goods is expected to double by the year 2010. The Oresund Bridge, spanning 16 km of water between Zealand and Sweden, was open for traffic in July 2000 reducing the transit times between the two countries to 15 minutes for cars and trucks and less than ten minutes for high-speed trains.

Virtual Infrastructure: Denmark's virtual infrastructure is also quite advanced with a government dedicated to making Denmark "The world's most advanced IT nation". The goal set by the Prime Minister is that Denmark should have the most modern and future-proof infrastructure, which enables inexpensive broadband access to as many users as possible. Danish companies are fully computerized. A recent survey by the Green's Institute shows that 98 percent of all Danish companies have access to the Internet.

Present telecommunication infrastructure consists of copper, co-axial, optical fiber and also various radio based techniques through which PSTN, ISDN, xDSL, ADSL, and GSM services are offered. Cable TV companies are also beginning to offer broadband services via their cables. Denmark's infrastructure is based on the infrastructure of the original national telephone companies, which later turned into what is today known as TDC (Tele Danmark, controlled by U.S. based SBC Communications). Since the liberalization of the market, new cable and systems have been added to the present TDC infrastructure.

The Danish National Telecom Authority has designated the former incumbent TDC as the universal service obligation (USO) provider from January 1998 to December 2007. Other providers that have a nationwide market share of 50% or more in the provision of services included in the universal service obligation could also be appointed USO providers, but that is not expected for a number of years. An USO provider can be compensated for deficits only if the deficits are documented and a public tendering procedure is initiated to appoint one or more alternative USO providers. For international services, there are at least 10 operators.

3. POLITICAL ENVIRONMENT

Nature of the Bilateral Relationship with the United States:

Bilateral relations are excellent. NATO, the keystone of the American national security relationship with western Europe, is popular in Denmark, perhaps more so than in any other country in Europe. An overwhelming number of Danes favor Danish membership in NATO, and the Danes are also adamant that progress toward European integration should not come at the expense of transatlantic ties.

Major Political Issues Affecting the Business Climate:

While political issues rarely affect the Danish business climate, the business sector opines that the high income taxes and the series of environmental taxes imposed on business, pending introduction of similar environmental taxes in Denmark's major competing countries, jeopardize Danish competitiveness. The business sector would also like to see introduction of measures that increase the incentives of workers at minimum wage to work rather than seeking the relatively generous unemployment or early retirement benefits.

Brief Synopsis of Political System, Schedule for Elections, and Orientation of Major Political Parties:

Denmark is a constitutional monarchy. The Parliament, known as the Folketing, is elected for a four-year term. Often elections are held before the four years are up, either because the Government is toppled in a vote of no confidence, or because the Prime Minister calls an election (which he can do at any time) in an attempt to improve the government coalition's parliamentary position. Denmark has a history of minority governments. The last election was held March 11, 1998.

With a few amendments (the latest and most comprehensive in 1953), the Constitution dates from 1849, when the King renounced absolutism. Today Denmark is among the most politically stable democracies. The Queen nominally rules through the Prime Minister and his Cabinet. As the Prime Minister is accountable to the Folketing (Denmark's unicameral parliament), the Queen "chooses" him based on recommendations from the leaders of the political parties.

The Prime Minister works through cabinet ministers and their ministries. Cabinet ministers need not be members of Parliament, and six of the current 20 ministers are not. Ministers have no political Deputy Ministers or Secretaries of State as in other parliamentary democracies. Rather, they have a Permanent Under Secretary (in some instances more than one), who is the highest-ranking civil servant within the ministry. There are very few political appointees among the civil servants, who therefore remain largely unaffected by changes of government.

The parliament has 179 members, including two each from Greenland and the Faeroe Islands, which are autonomous parts of the Danish realm.

Judicial power rests solely with the courts, although the Monarch on rare occasions grants pardons.

In 2001, nine political parties and seven independent members are represented in the Folketing. Four of the parties have a parliamentary history of 80 years or longer. Political parties play a much greater role in Danish politics than in the United States, for two major reasons. The first is the system of awarding seats on the basis of proportional representation. The second reason is the fact that Folketing members represent their party policy over their electorate. They do not have their own staffs (nor, for that matter, do parliamentary committees), only secretarial assistance. As a result, Danish parliamentarians must rely on their parties for support and technical expertise on legislative issues. Party discipline, as a consequence, is very tight.

The current Government, re-elected in 1998, is a minority coalition composed of two parties: The Social Democrats, and the Radicals (Social Liberals). Together, these parties de facto control 72 seats (including one from Greenland and one from the Faeroe Islands) of the 179 seats in the Folketing. As a minority Government, its new legislation is often based on changing majorities.

The Social Democratic Party (SDP, with 63 seats), is the party of Prime Minister Poul Nyrup Rasmussen and the largest party in the Folketing. Founded in 1871, the left-of-center SDP has been in government for most of the post-WWII era except for the 1950-53, 1968-71, 1973-75 and the 1982-93 periods. The SDP traditionally has support from the Danish Confederation of Trade Unions (LO).

The two major non-socialist opposition parties are the Venstre Party (42 seats in the Folketing) and the Konservative People's Party (16 seats). Their platforms and political objectives very much resemble each other and have long formed a stable basis for cooperation. Venstre favors reducing government power and budgets more than the Conservatives and is also a stronger supporter of European integration. The one major socialist opposition party is the Socialists' Peoples Party (13 seats). In spite of its relatively few seats, this party has a considerable influence due to the ruling coalition lacking an absolute majority of seats in the Folketing.

4. MARKETING U.S. PRODUCTS AND SERVICES

Distribution and Sales Channels:

Methods of distribution in Denmark vary with the type of product. Capital goods, commodities and industrial raw materials are most often handled by non-stocking sales agents. Specialized and high-technology products are frequently sold through fully owned subsidiaries of which there are about 300, representing a substantial portion of U.S. corporate sales of products and services in Denmark. Consumer goods are usually sold through importing agents and distributors, but increasingly also imported directly by major retail and department stores. The non-food retail trade is increasingly being dominated by chain stores.

The Danish food retail sector is dominated by two large retail chains (FDB and Dansk Supermarked) which account for over 50 percent of the total food retail market. These have substantial in-house wholesale and import divisions. There are about 30 significant independent food product importers in Denmark.

Use of Agents/Distributors, Finding a Partner:

Today's modern communications have eliminated numerous barriers, but many Danish companies still prefer to deal with an established local agent or distributor, rather than buying directly from abroad. In many cases, this is based on a preference for, or even a requirement to have a responsible, legal entity in Denmark supplying the product. The Danish agent/distributor community has developed over centuries and is today a select and competitive group of businesses. Many sectors are dominated by a few powerful and quite conservative companies, which have spent decades establishing lasting relationships with their clients. There is now some slow movement toward direct purchasing, especially from European suppliers. This trend is especially evident in the food business, where the larger retail chains maintain in-house import divisions. At the same time, there is an increasing trend for foreign companies to establish branch offices in Denmark. In some cases the competitive environment may even necessitate such a step. Where a U.S. company does not wish to establish its own sales office in Denmark, it is advisable to seek a local agent or distributor. The U.S. Department of Commerce International Partner Search service (IPS) is an excellent vehicle for finding such a representative.

Franchising:

Although franchising is not as widespread as in the United States, it is a well-known form of business, and more Danes are becoming interested in investing in franchising businesses. However, the bulk of franchise operated businesses are still of Danish or Scandinavian origin. American franchising companies also operate in Denmark. The longest established are McDonalds and Kentucky Fried Chicken. Franchising is also

common outside the fast food trade. Shoe-repair services, convenience stores, car rental, health clubs, and indoor tanning salons are examples. There are currently about 140 franchise systems in Denmark with more than 2,600 outlets. These represent total annual sales of about \$4 billion (DKK 25 billion) and employ about 18,000 persons. The Danish Franchise Association (see appendix for address information) is a member of the International Franchise Association, headquartered in the U.S.A.

Direct Marketing:

Danes are conservative consumers and, because of the small size of the country, used to easy and fast access to retail outlets. Door-to-door sales are generally considered an intrusion on privacy and are, with a few exceptions, prohibited by law. Other forms of direct marketing prevail: telephone marketing is permitted, but its success rate with the conservative Danish consumer has been disappointing. The direct marketing which has most piqued consumer curiosity are combination mail-order catalogs and TV-Shop sales. Internet direct marketing and sales exist and are expected to increase during the next few years. Direct marketing, including Internet sales, still plays an insignificant role in relation to total retail sales.

Joint Ventures/Licensing:

Licensing and joint venture arrangements are common in Denmark. Danish firms are fully familiar with both licensing foreign products for manufacture and sale in Denmark and licensing their own products for sale abroad. Licensing agreements do not have to be registered with Danish authorities, and there are no Danish government restrictions on remittance of royalties or fees. Joint ventures may be established as corporations, general partnerships, or in any other legal format. Danish law does not discriminate against joint ventures with foreign participation. The central Government of Denmark, through the Ministry of Trade and Industry, actively encourages foreign companies to manufacture high-technology products in Denmark. In addition, several Danish local government authorities and non-profit organizations have established offices and programs to attract foreign investment and joint ventures.

E-commerce:

Similarly to the rest of Europe, Denmark has lower growth rates in e-commerce than seen in the U.S. However, the technology is certainly in place in Denmark and a recent survey showed that as much as one third of the population uses the Internet on a daily basis. Many therefore do expect e-commerce to play a significant role in Denmark soon. Initially, a boom is not expected in selling to private individuals, but rather in the business-to-business segment. In addition, home banking is already very popular and the market has seen an entry of several 'pure player' banks only present on the Internet.

Government procurement methods are currently being investigated for the purpose of finding ways to favor vendors that offer e-commerce capabilities. From October 2001 government procurement worth US\$ 1 billion will be done via a new public web portal. From this date a directive will instruct various government institutions to use the portal and the plan is that one third of all government procurement should be done this way within a few years - worth more than US\$ 4 billion a year.

By introducing this procedure the Danish government plans to reduce costs for both distributor and buyers, to facilitate the access to the government and to further encourage the use of e-commerce in Denmark. All products and services relevant to government procurement will eventually be included in the portal and currently segments

like travel, hotels, car rentals, telephone, gasoline etc. are treated electronically as a pilot project. The next round will include items such as office equipment, computers, food and beverages, books and paper etc. Eventually the plan is also to include areas such as training, freight forwarding, furniture etc.

Examples of private sector e-commerce web sites are provided below:

www.computerstore.dk	(Computers)
www.gatetrade.net	(Office supplies)
www.haburi.com	(Apparel)
www.iso.dk	(Supermarket)
www.nemdirect.dk	(Computers)
www.netgallery.dk	(Art)
www.saxo.dk	(Books)
www.smilmer.dk	(Toys)
www.stop4u.com	(Books)

Steps to Establishing an Office:

Setting up a branch office in Denmark requires a relatively simple registration procedure with the Danish Trade and Companies Agency. The filing requirement is for general information on the U.S. parent company and the activities of its Danish branch. This includes place of business, accounting periods, memorandum and articles, and the power of attorney granted to the branch manager. For tax purposes, branches of foreign companies are treated as incorporated companies. As in many other countries, numerous rules and regulations apply to establishing a Danish corporation. Danish business legislation does not discriminate against foreign subsidiaries or foreign owned companies. Foreign companies need only meet the requirements applicable to national companies. As in the United States, it is advisable to secure the services of an attorney and a CPA when establishing a business. There are an estimated 300 subsidiaries of American companies in Denmark.

Selling Factors/Techniques:

The factors that determine where importers place their orders are almost entirely commercial, although cultural and historical or social ties with a long-standing trade partner may play a role. General competitive factors such as price, quality, promptness of delivery and availability of service determine the success of a supplier in Denmark. Patience and commitment count. Danes do not change suppliers easily and many commercial relationships have been maintained over decades. Export companies seeking only a fast buck have very little chance of success.

Most exporters introducing a "new" product in Denmark should expect fierce competition from domestic, third country, and often U.S. companies already well established in the market. In many cases, local distributors or agents will either decline taking on the representation of a new product line, or alternatively request a substantial financial contribution towards market entry costs. Consequently, the best, or even only way for a new-to-market company's to enter the Danish market can be through establishing its own sales office.

Advertising and Trade Promotion:

Introducing a new product or company on the Danish market is often a costly affair. U.S. and foreign parent companies are expected by their Danish agents to cover, in full or in part, advertising and promotion expenses. Several large American and international

advertising agencies maintain offices in Denmark. Companies in Denmark spend about \$1 billion annually on advertising and television is the largest media. The code of conduct for advertising in Denmark is, in some areas, more conservative and consumer protection oriented than that of the United States, while in other areas, more liberal. For example, while nudity per se is not considered obscene and is seen in some Danish advertising, TV commercials for alcoholic beverages, tobacco and medicine are not allowed. Commercials appealing directly to children are subject to legislative restrictions. The rules and regulations for advertising and marketing are determined in the "Markedsføringsloven" (the Act on Marketing). Denmark in July 2000 introduced opt-in requirements for unsolicited commercial electronic mailings. The Consumer Ombudsman oversees compliance with the Act on Marketing. He may take action on his own initiative or based on complaints by third parties. However, he will not be consulted for prior approval or rulings on planned campaigns. Examples of typical cases for Consumer Ombudsman action are those involving misleading statements and unfounded claims of a product's qualities. Generally, the types of advertising media that exist in the United States also exist in Denmark. Television commercials, however, are more restricted. Under Danish rules, they cannot interrupt a program and may be shown only in assigned blocks between programs. Only one of the two national stations, TV-2, carries commercials. The other, Danmarks Radio, is a public service station and does not carry commercials although it does allow certain restricted types of program sponsorship. A recent de-regulation provides for networking of local TV stations. A number of such local stations have merged into "TV-Danmark", which carries commercials under the same regulations as TV-2. One Danish-language TV station (TV3), broadcasting via satellite from the U.K. and receivable only via dish or cable, reaches almost as many viewers as the three Danish nationwide stations. Because it broadcasts from the U.K. and has foreign ownership, it operates outside Danish rules and places commercials within programs. Another popular form of audio-visual advertising is the showing of commercials in movie theaters prior to the main feature film. Printed media advertising is widely used. Advertising on the world wide web is increasing.

Below is a list of major newspapers and business journals:

NAME AND ADDRESS MAJOR NEWSPAPERS	CIRCULATION
Berlingske Tidende Pilestraede 34 DK-1147 Copenhagen K Tel: (45) 3375 7575 Fax: (45) 3375 2020 E-mail:annoncer@berlingske.dk Web: www.berlingske.dk (Contains separate business section)	157,000/Weekdays 189,500/Sundays
Jyllandsposten Bladhuset i Viby Grondalsvej 3 DK-8260 Viby J. Tel: (45) 8738 3838 Fax: (45) 8738 3199	178,000/Weekdays 255,000/Sundays

E-mail: annonce@fc.jp.dk
Web: www.jp.dk
(Contains separate business section)

Politiken Raadhuspladsen 37 DK-1785 Copenhagen V Tel: (45) 3311 8511 Fax: (45) 3315 4117 E-mail: annoncer@pol.dk Web: www.politiken.dk	138,500/Weekdays 176,000/Sundays
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MAJOR BUSINESS PAPERS AND JOURNALS

Borsen Montergade 19 DK-1140 Copenhagen K. Tel: (45) 3332 0102 Fax: (45) 3391 1050 E-mail: annonce@borsen.dk Web: www.borsen.dk (The Danish "Wall Street Journal")	53,000 Weekdays only
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ErhvervsBladet Vesterbrogade 12 DK-1780 Copenhagen V Tel: (45) 3326 7200 Fax: (45) 3326 7272 E-mail: info@erhvervsbladet.dk Web: www.erhvervsbladet.dk	105,000 Weekdays only
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Borsens Nyhedsmagasin Montergade 19, Postbox 2242 DK-1019 Copenhagen K Tel: (45) 3332 4400 Fax: (45) 3311 5906 E-mail: annonce@bny.dk Web: www.bny.dk	16,500 Weekly
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Computerworld Carl Jacobsensvej 25 DK-2500 Valby Tel: (45) 77 300 300 Fax: (45) 77 300 303 Web: www.computerworld.dk	31,000 Weekly
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Ingeniøren Skelbaekgade 4 DK-1503 Copenhagen V Tel: (45) 3326 5300 Fax: (45) 3326 5301	75,000 Weekly
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Web: www.ing.dk

There are numerous advertising agencies in Denmark. Below is a list of web sites for some of these, plus full contact information for the Association of Danish Advertising Agencies:

www.advance.dk
www.advisor.dk
www.bates.dk
www.bbdo.dk
www.courage.dk
www.createam.dk
www.ellermann.dk
www.glit.dk
www.la-familia.dk
www.leise.dk
www.milvang.dk
www.propaganda.dk
www.wdp.dk
www.yr.dk

Association of Danish Advertising Agencies
(DRB, Danske Reklamebureauers Brancheforening)

Reklamens Hus
Badstuestraede 20
1003 Copenhagen K.
Tel: 33 13 44 44
Fax: 33 11 63 03
E-mail: drb@drb.dk
Web: www.drb.dk

(The above web site includes contact information & links for all members.)

Pricing a Product:

Exporters usually quote c.i.f. Copenhagen prices to Danish importers. The c.i.f. price includes all U.S. domestic freight costs, ocean/air freight and insurance but not Danish import duty or VAT. The rate of import duty typically ranges from 5 to 14 percent on industrial products. Additionally, the importer must pay a 25% Value Added Tax (VAT) calculated on sum of the landed (c.i.f.) cost plus the duty. VAT applies on a non-discriminatory basis to all products and most services sold in Denmark, whether imported or produced locally. There are also heavy surtaxes on a number of "luxury" consumer items, such as cigarettes and tobacco, alcoholic beverages, energy, including oil and gasoline, and automobiles. Despite a 180% automobile surtax, there are almost 2 million passenger cars on the Danish roads, i.e., roughly one for each household.

The appropriate price for a product in the Danish market is best determined through market research. The U.S. Commercial Service Flexible Market Research (FMR) program is geared to assist U.S. exporters to assess their competition for a specific product in a selected country. Any U.S. Export Assistance Office will assist a U.S. exporter in explaining the scope and advantages of the FMR. In Denmark, a number of private companies also perform market research. Commercial Service Copenhagen can supply contact information on these.

Sales Service/Customer Support:

This requirement varies with the type of product. In general, Danish importers demand, and get from European competitors, a high degree of sales and after-sales service and customer support. The extent of the service and support requirement is directly proportional to the technical complexity of the product. Sound commercial judgement dictates after-sales service at least equal to that supplied by European competitors. Immediate response to customer's questions and requests is essential, as is the use of modern communication methods. This means fax or e-mail for routine communications and a readiness to employ overnight courier service when necessary.

Selling to the Government:

Government procurement practices in Denmark are generally transparent. Denmark is a signatory to the WTO Government Procurement Code and also adheres to EU procurement regulations. U.S. firms are eligible to bid on an equal basis with Danish and other bidders for contracts valued over approximately \$200,000. Announcements of public tenders are published in the "Supplement to the Official Journal of the European Communities." The text of the invitation to bid is in English, but the tender documents are normally in Danish. For major projects, documents may be available both in Danish and English. Bid notifications are available on the following website: www.europa.eu.int.

Supplier qualifications are established on a contract by contract basis. Although a local agent is not required in order for a U.S. firm to bid, it is usually wise to employ one to establish service capability equivalent to that available from resident firms. U.S. companies are also eligible to bid for major NATO military projects in Denmark, and for major public works engineering and construction projects such as ocean bridges and tunnels. The central contact point for information on such projects is the U.S. Department of Commerce, ITA/TD/OEEI, Washington DC, telephone (202) 482-5225, or any of the U.S. Export Assistance Offices throughout the United States.

Protecting Your Product from IPR Infringement:

Denmark in general offers adequate protection for intellectual property rights. Please see section VI for a list of the international conventions and treaties concerning intellectual property to which Denmark adheres.

Need for a Local Attorney:

The need for a Danish attorney typically arises in connection with establishing a corporation in Denmark, or in connection with trade disputes. Also, it is advisable to seek local legal assistance in matters involving complicated government concessions such as applications for oil or gas prospecting. A short list of attorneys and collection agencies is available on the U.S. Department of Commerce National Trade Data Bank (NTDB). A more comprehensive, but still partial list can be airmailed from post or from the Denmark Desk of the U.S. Department of Commerce, Washington DC.

5. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENTS

A. Best Prospects for Non-Agricultural Goods and Services

1. Telecommunication Services (TES)

Narrative: The Danish telecommunication market is now fully liberalized and privatized. SBC Communications holds a controlling interest in the former national telephone

company TDC (Tele Danmark A/S), and BellSouth holds 46.5% of Sonofon which was recently taken over by Telenor, Norway. Other important telecom companies in the Danish market are Telia (Swedish), and Orange (French). The major third-country hardware suppliers are NEC (Japan), Nokia (Finland), Ericsson (Sweden), Siemens (Germany). Nortel is the major U.S. hardware supplier. Lucent Technologies has a plant in Copenhagen producing and exporting high-quality fibers for optical fiber cables. U.S. products and services are generally looked upon as market leaders and the new-to-market services, which emerge in the USA, are also the services that have good potential in the Danish market. Normal market mechanisms prevail. New-to-market companies will face fierce competition from those already established here, many of which are American. Also, the number of local companies willing to invest in new accounts is very small. Consequently, new-to-market companies should be prepared to establish their own sales offices in the region, or, as some have already done, establish a market presence through joint-ventures, buy-outs, or strategic alliances. There are good opportunities for U.S. companies in the growing WAP/GPRS, Bluetooth and Palm businesses.

There are also excellent opportunities for U.S. telecom services operators and content providers for the 3G mobile net. In Denmark it has been decided to use an auction model for the coming assignment of four licenses for 3G mobile networks i.e. mobile networks under the IMT-2000 standards, including UMTS. The licenses cover establishment and operation of 3G mobile networks in the following frequency bands: 1900-1980 MHz, 2020-2025 MHz and 2110-2170 MHz. The registration date for participation in the auction is September 5, 2001 and the licenses are planned to be granted by October 2001, at the latest.

Data: There are no official "import+production-export=total market" statistics for the Telecommunications Service sector. The total service market (2000) is cautiously estimated by industry sources at USD 5.1 billion, with an estimated annual growth rate of 10-15 percent. U.S. companies (SBC Communications and BellSouth) have a dominant position through partial ownership of the two major service providers.

2. Computer Software (CSF)

Narrative: Denmark is a highly computerized society with a large and steady demand for state-of-the art software. The total market reached USD 1.44 billion in 2000, and the market is estimated to increase gradually during 2001 and 2002. Local software producers are quite successful, but are often lacking the resources necessary for continued growth on their own. They are therefore increasingly entering into strategic alliances with foreign system vendors, most often from the United States. Thus, neither local production nor third country suppliers appear likely to threaten the dominant position that U.S.-brand software has in this market. New-to-market companies will face serious competition from long-established U.S. companies. In a market with few independent importing agents and distributors, new-to-market companies should be prepared to establish a wholly-owned subsidiary or sales office in country.

Data: (\$ millions)	1999	2000	2001
Total Market Size	1,420	1,440	1,450
Local Production	500	550	600
Total Exports	450	500	540
Total Imports	1,110	1,150	1,200
Imports from the U.S.	400	400	420

Exchange Rate (1USD=DKK)	8	8	8
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The above statistics are unofficial industry estimates.

3. Medical Equipment & Biotechnology (MED)

Narrative: Denmark's hospitals are almost all publicly-owned, and practically all medical care is subsidized. With increasingly tight government budgets and high labor costs which are difficult to cut, recent years have seen a tendency for hospitals to save on equipment purchasing budgets. However, equipment such as advanced diagnostic and surgical equipment remain relatively safe from cost-cutting initiatives. Best sales prospects are: Infusion and transfusion equipment; cardiovascular equipment, diagnostic ultrasound equipment in general; defibrillators; cancer diagnostic/therapy equipment; monitoring equipment for anesthesia and for intensive care (respirators, etc.); medical-related biotechnology; endoscopes; surgical lasers; catheter devices - diagnostic and therapeutic; operating-room furniture; and disposables (custom-made and cost effective).

Local competition is fierce, particularly within the key areas of hearing aid devices, parts and accessories, where three local companies (Oticon, GN Danavox and Widex) have an estimated 25% of the global market. Another key area of local competition is diagnostic equipment and supplies, where worldwide names such as RadioMeter, Novo Nordisk and H. Lundbeck dominate local markets for diagnostic / treatment products. With such fierce local competition, it is little wonder that upwards of 80% of Danish medical device production is exported.

A sub-sector of particular interest for U.S. companies is the medico-biotechnology industry. Denmark is already home to more than 70 biotechnology related companies, ranging in size from pure research projects by a few academics to global names such as Biogen of the United States. The biotechnology industry in Denmark is one of the fastest growing, most publicized and most widely supported (both by government and the private sector) industry sectors in the country and U.S. companies that offer biotechnology-related diagnostic / measuring / research devices will find that local industry is favorably inclined towards inviting additional foreign, particularly U.S., companies and expertise into the region.

Data: (\$ millions)	1999	2000	2001
Total Market Size	434	443	445
Total Local Production	813	830	900
Total Exports (incl. re-exports)	758	774	800
Total Imports	379	389	395
Imports from the U.S.	55	53	53.5
Exchange Rate (1USD=DKK)	8	8	8

The above statistics are unofficial estimates.

4. Pollution Control Equipment (POL)

Narrative: Measured on a per capita basis, Denmark is among the world's biggest spenders on environmental protection. The apparent lack of low growth in total market size should be seen in the light of an already highly developed market; Denmark was the first country to establish a Ministry of the Environment in 1972. Denmark has a substantial and technologically advanced local industry, which has also developed a significant foothold in the international market place, including the Baltic region and

Eastern Europe. Danish exports to these new markets benefit from Danish financial support for environmental improvements in these countries. U.S. exporters may find it advantageous to establish a business relationship with an established local company to help facilitate market access.

Data: (\$ millions)	1998	1999	2000
Total Market Size	400	400	400
Local Production	575	575	575
Total Exports	300	300	300
Total Imports	150	150	150
Imports from the U.S.	5	5	5
Exchange Rate (1USD=DKK)	8	8	8

The above statistics are unofficial industry estimates.

5. Electrical Power Systems & Services (ELP)

Narrative: Danish power plants serve a stable national consumption of around 35,000 GWh, plus a more fluctuating export demand of 10-20,000 GWh. Present electrical power is primarily generated in coal fired plants, but the country is moving quickly towards cogens, fueled on natural gas and biomass. Wind power is expected to cover 20% of total consumption by year 2003. The Danish power-plants producing for national consumption are modern and fuel-efficient, while plants held in reserve for peak production and export are less so. There is a substantial over-capacity in Denmark. The sector currently is undergoing a liberalization process, and to meet the challenges of an open market only the latest in technology and fuel efficiency is purchased. About 60% of total investments will be in production facilities with the remaining 40% in distribution. Local production of equipment plays an important role in this sector although the majority is imported. Market access is helped by the EU Utilities Directive, stipulating that supply and service contracts with a value of more than ECU 400,000 must be advertised in the Official Journal of the EU. U.S. companies may participate in the international bidding for power plant equipment.

The liberalization of the electrical power market is not only changing the structure of the industry, but has created completely new elements, including a market for services. Opportunities in services range from power trading to supplying technical expertise to meet the "saving-by-outsourcing" programs introduced by other industries.

Data: (Equipment in \$ millions)	1999	2000	2001
Total Market Size	700	700	700
Total Production	325	325	325
Total Exports	175	175	175
Total Imports	550	550	550
Total Imports from U.S.A.	40	40	40
Exchange Rate (1USD=DKK)	8	8	8

The above statistics are unofficial estimates.

6. Distribution and Warehousing Services

Narrative: Denmark's "distribution home market" – when including those countries bordering the Baltic and North seas - consists of over 50 million people. Trade between Denmark and Eastern Europe, Germany, Sweden, England, the Netherlands and other European countries has evolved since ancient times into what is now one of the most

efficient transport and infrastructure systems anywhere. Denmark's recent multi-billion dollar investments in state-of-the-art infrastructure, including bridges across the Great Belt and between Denmark and Sweden, its highly modern Copenhagen International Airport (voted airport of the year 2000), combined with its central position in northern Europe, makes it a logical place for a distribution and warehousing center. A number of foreign and US companies have already established central distribution businesses in the market. They include IBM, Dell, DHL, Sony, and other.

Excellent opportunities exist for US companies wishing to utilize Denmark as a central distribution point for the northern European and Baltic markets. CS Copenhagen and a number of local government and private organizations are prepared to render information and assistance regarding strategic alliances in the Danish distribution and warehousing sectors.

7. Oil and Gas Field Machinery (OGM)

Narrative: 2000 was a good year for the oil and gas activities in Denmark. Oil production amounted to 22.11 million m³, corresponding to a daily production of 364,000 barrels of oil. Production has increased by 22% since 1999, mainly due to further development of the new fields Halfdan, Siri and Syd Arne as well as the "old" field Dan. In 2000, oil and gas were produced from a total of 16 fields together encompassing 42 platforms and 281 wells.

As a result of the record production combined with the high oil price and the high exchange rate for the US dollar, the value of production in 2000 increased by 96% to approx. USD 8 billion. Since 1997, Denmark has been self-sufficient as regards energy. It is estimated that production exceeded consumption by approx. 45% in 2000.

The oil reserves as per January 1st, 2001 are estimated to be 299 million m³, corresponding to the largest reserves ever recorded. Based on the new assessment of reserves, the oil production is calculated to be sustainable at the 2000 level for the next 14 years. According to Danish Energy Agency forecasts, production in 2001 will amount to just under 21 million m³ of oil, whereafter production will fall.

The United States is a recognized industry leader of equipment for this industry, and local production is insignificant. Generally, heavy structures are supplied locally or from nearby third countries, while less freight sensitive equipment with substantial technology contents offer excellent opportunities for U.S. vendors. Major third country suppliers are the U.K. and Germany.

Data: (\$ millions)	1999	2000	2001
Total Market Size	375	310	280
Total Production	27	22	19
Total Exports	12	10	8
Total Imports	360	280	220
Total Imports from U.S.A.	240	175	150
Exchange Rate (1USD=DKK)	8	8	8

The above statistics are unofficial estimates.

8. Travel and Tourism Services (TRA)

In 2000, over 150,000 Danes visited the United States. In spite of an often turbulent travel market, the number of Danes visiting the United States has increased steadily

over the past six years. Florida remains the most popular destination, followed by New York and California. Danish tourists are good spenders with average expenditures of over US\$2,000 per person for their U.S. trips. The United States earns about 7% of total Danish foreign tourism expenditures and about US\$3 for every US\$1 that American tourists spent in Denmark.

Data: (\$ millions)	1999	2000	2001
Expenditures by Danish Tourists Abroad	4,100	4,100	4,200
Expenditures by Danish Tourists in the USA	305	305	305
Exchange Rate (1USD=DKK)	8	8	8

The above statistics are unofficial estimates.

9. Franchising (FRA)

Narrative: After a slow start at the beginning of the 1980's, franchising in Denmark is now considered a both innovative and successful way of creating business. The number of active franchise systems has increased by more than 300% since 1992 and now amounts to 138, while the number of franchising units increased from 986 to 4,451 during the same period. Industry contacts forecast that the number of systems will increase slightly in 2002 to about 4,700 units. The bulk of franchise operated businesses are of Danish and European origin. Of the countries outside Europe, American franchise companies dominate the market. The franchising industry in Denmark is expected to grow about at least 10-15% over the next two years and is currently employing about 18,000 persons. There is no specific franchising legislation in Denmark and franchising is therefore subject to the legal framework governing all business enterprises. The Danish Franchise Association is a member of the International Franchise Association (see app. E. 1b).

Data: (\$) millions	1999	2000	2001
Total Sales by Franchising Sector	2,700	2,900	3,000
Total Sales by U.S Franchising Systems in Denmark	520	540	600
Exchange Rate (1\$US=DKK)	8	8	8

The above statistics are unofficial estimates

10. Automotive Parts and Service Equipment (APS)

Narrative: There are just under 2 million passenger cars in Denmark, or about one per household. Following several years of continuous record sales, new passenger car sales for 2000 were 143,000. High taxes on cars result in long life cycles, offering good and continuous opportunities in the after-market, regardless of fluctuations in annual new car sales. For a small market, competition is extremely fierce and opportunities exist primarily for large vendors with pan-European distribution. U.S. suppliers are well represented in this segment, although U.S. brand products are often supplied from manufacturing facilities within Europe and not always recognized as American by national trade statistics. Local production of parts is substantial, but is largely focused on supplying major European auto-makers outside Denmark. The strength of local producers is therefore seldom felt strongly in the Danish after-market.

During the 1990's, there was a steady increase in the sales of U.S. made cars and vans in Denmark (that is, US cars manufactured and sold directly) from the United States to a Danish dealer / end-user). Although an increase from a low level counted only in hundreds of units per year, sales are now counted in thousands. As the accumulated volume of these cars have reached "repair age", U.S. sales in the Danish after-market have increased correspondingly although it must be stressed that this market is still relatively low and estimated at no more than USD 10 million in total.

Local competition is particularly fierce within the production of friction parts market, with several local manufacturers producing brake pads and brake parts, the majority of which are exported to other European countries. Germany provides the main competition for US vendors. Best sales prospects are for parts and accessories related to general car maintenance: there is also a lack of a truly nationwide automobile parts and accessories chain, which might be a potential market for US franchisers within this field.

E-commerce plays a significant role in the Danish automotive after-market.

Data (\$ millions)	1999	2000	2001
Total Market Size	450	450	450
Local Production	300	300	300
Total Exports	415	418	418
Total Imports	500	500	500
Imports from the U.S.	4	3.7	3.7
Exchange Rate (1USD=DKK)	8	8	8
The above statistics are unofficial estimates.			

B. Best Prospects for Agricultural Products

1. Organic Products

Narrative: Although most organic products produced and sold in Denmark are dairy products and vegetables, the demand for all kinds of organic products is increasing rapidly. They include beverages (including tea, coffee, wine, beer), meat, condiments (including honey and jam), baby food, raisins, rice, nuts, and all prepared foods.

Data: (1,000 tons)	1999	2000	2001
Total Market Size	525	645	690
Total Local Production	515	650	720
Total Exports	10	30	60
Total Imports	20	25	30
Total Imports from U.S.A`	5	7	10
The above statistics are unofficial estimates.			

2. Forest Products

Narrative: Most of Denmark's wood trade is with neighboring countries such as Norway, Sweden and Germany. For soft wood logs and lumber, the U.S. market position is especially strong on plywood and could be expanded also to Oriented Strand Board (OSB) and hardwood for furniture and floor manufacturing.

Data: (1,000 cubic meters)	1999	2000	2001
Total Market Size	4,200	4,200	4,330
Total Local Production	2,000	2,000	2,000
Total Exports	400	400	450
Total Imports	2,600	2,600	2,780
Total Imports from U.S.A.	120	140	120
The above statistics are unofficial estimates.			

3. Feed-stuffs (including pet food)

Narrative: The total market is growing slowly and, in spite of large local production, imports constitute about 50 percent of the total market. U.S. products are competitive and should be able to increase.

Data: (1,000 cubic meters)	1999	2000	2001
Total Market Size	95	100	100
Total Local Production	195	195	195
Total Exports	165	165	175
Total Imports	65	70	80
Total Imports from U.S.A.	5	6	6
The above statistics are unofficial estimates.			

4. Wines

In a steadily expanding market, the U.S. market share has increased considerably for wine in comparison to a decade ago. U.S. wine is now well recognized and the market share is expected to continue to grow, most probably up to 10 percent in a few years. Smaller importers are constantly looking for suppliers of small quantities and larger importers are constantly looking for exporters who can supply amounts of about 250,000 liters per year.

Data: (million liters)	1999	2000	2001
Total Market Size	160	174	185
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	160	174	185
Total Imports from U.S.A.	6	5	4
The above statistics are unofficial estimates			

5. Fresh Vegetables

Narrative: Although most of Denmark's fresh vegetable imports come from other EC member countries or from other hemisphere countries with other seasons, Danish importers are world traders and receptive to competitive suppliers. All kinds of U.S. fresh vegetables are potential export items. Best potential exist for asparagus and fungi.

Data: (1,000 tons)	1999	2000	2001
Total Market Size	185	195	226
Total Local Production	16	16	16
Total Exports	11	11	10
Total Imports	180	200	220
Total Imports from U.S.A.	2	3	3

The above statistics are unofficial estimates.

6. TRADE REGULATIONS, CUSTOMS AND STANDARDS

Trade Barriers, Tariffs, Import Taxes:

Denmark has historically maintained a no-barrier policy, and is often in the lead in the international combat against non-tariff barriers. Denmark has the best record of all EU countries regarding implementation of Single Market directives. Denmark applies no unilateral trade barriers against the U.S.A. Denmark is a member of the European Union (EU) and the common external duty tariffs therefore apply to all products entering from non-EU countries, including the United States. Duties typically vary from 5 to 14% on industrial goods. Once goods have cleared customs in one EU country they may circulate freely within the Union. A Value-Added-Tax (VAT) of 25% is applied on a non-discriminatory basis to all goods (and almost all services) sold in Denmark, whether imported or locally produced.

As a consequence of Denmark's membership in the EU, certain agricultural products imported from non-EU countries are governed by the Common Agricultural Policy (CAP). Duties on these items -- which include cereal grains, rice, milk and milk products, beef and veal, olive oil and sugar -- are supplemented with a system of variable levies or other charges; the purpose of which is to equalize prices of imported commodities with those produced within the Community.

Customs Valuation:

Customs procedures, including the classification and valuation of imported goods entering Denmark, are governed by EU rules. For information on import duties and tariffs, U.S. exporters may contact the Danish Customs Office listed below:

Central Customs and Tax Administration
Customs Center Copenhagen
Snorresgade 15
DK 2300 Copenhagen S.
Denmark
Tel: (45) 32 88 73 00
Fax: (45) 32 95 18 74

Import Licenses:

With very few exceptions (alcoholic beverages, weapons and arms, certain drugs and chemicals, and certain food products), Denmark requires no import licenses. There are no special import restrictions or license requirements which constitute problems for U.S. industrial product exporters.

Export Controls:

Denmark export control complies with EU regulations covering the four regimes: Nuclear Suppliers Group; Wassenaar (general products); Missile Technology Control Regime; and the Australian Group (chemicals). Denmark in early 2001 implemented a new export control system for dual-use products modeled on the U.K. export control compliance code.

Import/Export Documentation:

The clearance of goods through customs and payment of duties in Denmark and other EU countries are the responsibility of the importer or his appointed customs broker. A commercial invoice from the U.S. exporter is always required for the importer or his agent to clear goods through customs. Additional documentation requirements exist for agricultural products, chemical substances, and other selected goods (see "import licenses" above). U.S. exporters are advised to follow the documentation requirements of their local importers. Once goods have been cleared and duty paid in one EU country, these goods may move freely within all EU member states.

Temporary Entry:

Most foreign businesses needing to export temporarily into Denmark chose to do so by using an ATA Carnet. In the United States, this document is issued by an American Chamber of Commerce office.

Labeling, Marking Requirements:

The marking and labeling requirements for products sold in Denmark are numerous and vary from product to product. The requirements may stem from either Danish or EU laws and regulations. For the exporter to comply, the assistance of the Danish importer is essential. As a general rule, consumer products must be labeled in Danish or in a language that differs from Danish only slightly in spelling. As a practical matter this means Norwegian and in some instances Swedish. Certain products must be marked clearly with the country of origin. In some cases, the importer can do the marking following arrival of the goods in Denmark. Weights and measures must be stated in the metric system. Labels and marking must accurately describe the contents of packages. The responsibility for compliance with Denmark's marking and labeling regulations falls on the importer. Exporters, however, should carefully follow importer's instructions because failure to do so can cause customs delays and extra expenses which may harm future business.

A substantial number of products must now be CE marked prior to sale in Denmark and the rest of the EU. CE marking (CE = Communité Européenne or European Community) is a statement by the manufacturer of a finished product, or his authorized representative in the EU, that the product meets the essential requirements for that product as stipulated in all relevant EU directives. The purpose of the directives is to replace various national laws and requirements with harmonized European requirements, thus ensuring a free movement of goods within the EU. Some of the most important directives calling for CE marking are:

There are currently 21 product directives, which require CE marking, but these directives cover a large number of sub-sectors and product ranges. Examples of this are industrial machinery products, the electrical sector and medical products - these product directives have certain requirements stating which products are to be covered under their directive. Thus each product directive will state within its regulations which products within that particular directive will require CE marking.

Currently the following 21 product directives require CE marking by the manufacturer.

73/23/EEC - Low voltage (electrical equipment for specific voltage measuring)

87/404/EEC - Simple pressure vessels

88/378/EEC - Children's toys

89/106/EEC - Building materials
89/336/EEC - EMC (electro-magnetic compatibility)
89/686/EEC - Personal protection equipment
90/384/EEC- Non-automatic weight devices
90/385/EEC - Active medical implants
90/386/EEC - Gas Equipment
92/42/EEC - New hot-water boilers - fluid / gaseous fuels
93/15/EEC - Explosives for civilian use
93/42/EEC - Medical equipment
94/9/EC - Materials suitable for explosive atmospheric environments
94/25/EC - Leisure boats
95/16/EC - Elevators
96/57/EC - Refrigerators and freezers for household use (energy efficient requirements)
97/23/EC - Pressure vessels / equipment
98/37/EC - Machines (formerly directive 89/392/EEC)
98/79/EC - In-vitro medical diagnostic equipment
1999/5/EC - Radio and telecommunications equipment
2000/9/EC - Aerial Ropeway for transport of persons

Guidance on compliance with EU directives is available from the US Commercial office at the U.S. Mission to the EU in Brussels, Belgium.

Labelling of Food Products:

Most foods are covered by the general regulation on labelling of foods, but certain foods are covered by specific regulations as well, e.g. fish products, chocolate, fruit juice, marmalade products and food supplements.

Labelling of food additives (as such or in foods) is covered by a specific regulation on food additives.

All foods sold in Denmark must be marked with a batch-identifying code (a Lot-number or a date of production). This is true for “bulk packed” products as well as pre-packed products – and is the only requirement for “bulk packed” products. All other information may be handed over to the importer in document form.

Normally all pre-packed foods intended for the final consumer or catering establishments must be labelled according to the general rules prior to retail sale or catering service:

Name and address.
Product designation.
Net weight.
Durability.

The labeling language must be Danish. Certain words from other languages, which are very similar to Danish in spelling, may be used. In practice though, most of the labeling will have to be in Danish.

Products can not be sold with a standard U.S. label only. Stick-on labels can be used in addition to a U.S. label, or to cover certain text on the original label, which is not in conformity with Danish labeling requirements (e.g., nutritional information which is not appearing in Danish).

Food additives must be declared in the ingredients list by functional class followed by specific name or E-no., as defined in the food additives regulation and positive additive list. Flavors must be declared merely as “aroma” and it is possible to state “natural, nature identical or artificial” in accordance with the definitions in the flavor regulation.

Nutrients can be added after granting from the authorities, but the use allowed is very limited. Added nutrients can not be claimed on the label, but can only be declared in the ingredients list and in nutritional information.

Further details are described in the report: Food and Agricultural Import Regulations and Standards (FAIRS). The report, which is updated yearly, is available on the Internet: www.fas.usda.gov. The report includes sections on food laws, labeling requirements, food additive regulations, pesticide and other contaminants, copyright and trademark laws, and import procedures.

Membership in Free Trade Arrangements:
Denmark is a full member of the EU and the WTO.

7. INVESTMENT CLIMATE STATEMENT

A.1. Openness to Foreign Investment: Denmark is heavily dependent on foreign trade and international cooperation. It follows liberal trade and investment policies and encourages increased foreign investment. The Danish Government and quasi-official organizations are running campaigns to attract foreign investment, describing Denmark as a gateway to the large EU Single Market, to Scandinavia, and to the new democracies in Eastern Europe. With the opening on July 1, 2000 of the Oeresund bridge connecting Denmark and Sweden, the Danish Government hopes that the Oeresund region will become a center and a gateway which will attract significant foreign investment in hi-tech industries, including biotechnology, pharmaceutical research, and information technology. From 1997 through 1999, U.S. direct investment in Denmark (at market value, measured in Danish Kroner) increased almost five-fold to some DKK 90 billion (some \$10.2 billion at current USD/DKK exchange rate). Most of the increase in U.S. direct investment has been in the form of acquisitions of Danish IT and telecom companies. The United States is by far the largest foreign investor in Denmark, now accounting for more than one-third of total foreign direct investment in Denmark. Denmark treats foreign investors on a non-discriminatory, national treatment basis. U.S. and foreign firms may participate in Government financed and/or subsidized research and development programs on a national treatment basis. As a general rule, foreign direct investment in Denmark may take place without restrictions and screening. Ownership restrictions apply to only a few sectors, including those for national security reasons (see below). The Embassy has no record of any non-governmental groups which have been opposed to a U.S. foreign investment. The investment climate is good also as a result of a stable, highly skilled and efficient labor force, and the corporate tax rate of 30% in 2001 is among the lower in the EU.

The Danish Government on May 2, 2001 signed a “Treaty Investor” protocol to the 1951 U.S./Danish bilateral Friendship, Commerce and Navigation Treaty providing for granting of non-immigrant treaty investor visas to managerial staff to be employed in direct investments made by companies from either country. The protocol, as of July, 2001,

awaits U.S. ratification. Otherwise, work permits are generally not difficult to obtain for foreign managerial staff, but permits for white or blue collar workers from countries outside the EU and the Nordic countries, who compete with Danish workers, are difficult to obtain. High-income foreigners (making more than about USD 76,300 in annual income in 2001) stationed temporarily (maximum three years) in Denmark are subject to lenient income taxation - in 2001, 25% plus 9% labor market and special pension contributions of gross income. Compared with the progressive income tax system applicable to Danes, this is an attractive incentive. Otherwise, personal income taxes in Denmark are among the very highest in the world. Investment in regional development areas may take advantage of certain grants and access to preferential financing. In 1998, Denmark changed its tax legislation to provide for tax-free treatment of profits paid to and from holding companies in Denmark. More than 1,000 holding companies have reportedly been established to take advantage of this new tax treatment. A number of U.S. companies are among those that have taken advantage of this preferential tax treatment in Denmark. The holding company tax treatment provides some multinational companies active in the European market with a competitive advantage vis-à-vis locating their European holding companies in other European Union (EU) member states.

While Denmark meets the criteria for joining the EU's common currency – the Euro - it has opted out from participating. The opt-out was confirmed in a referendum on September 28, 2000 and it will likely take several years before the opt-out will be tested again. However, the Danish Krone remains linked closely to the Euro in order to ensure continuance of the firm exchange rate policy pursued since the early 1980s.

A.2. Conversion and Transfer Policies: Denmark has no restrictions on capital transfers. Denmark adheres to OECD and EU rules on the liberalization of capital movements, and has no foreign exchange restrictions, only reporting requirements. Foreign exchange is readily available. Profits can be freely repatriated.

A.3. Expropriation and Compensation: Public expropriation of private property is almost entirely limited to public construction purposes, such as bridge and highway projects, and then only against compensation. There have been no cases of Danish or foreign companies being expropriated for other purposes since World War II.

A.4. Dispute Settlement: The Embassy has no knowledge or record of any disputes involving foreign, including U.S., direct investors in Denmark. The Danish legal system belongs to the "Nordic family" which is based on continuity through centuries in contrast with the Anglo Saxon Common Law. In fact, a few Danish laws from the 17th century, which have their roots dating back to the 13th century, are still in force. The Danish legal system includes written laws covering practically all commercial issues. Denmark has a written and consistently applied bankruptcy law (Consolidated Act No. 118 of February 4, 1997, as amended). Monetary judgments under the bankruptcy law are made in freely convertible Danish Kroner (DKK). Creditors' claims against a bankruptcy are met in the following order:

- 1) Costs and debt accrued during the treatment of the bankruptcy;
- 2) Other costs, including the court tax, relating to attempts to find a solution other than bankruptcy;
- 3) wage claims and holiday pay;
- 4) excise taxes owed to the Government;
- 5) all other claims.

Financing of real estate, both private and business, is for the most part done through the well established Danish mortgage bond credit system, the security of which compares to that of Government bonds. All mortgage credits in real estate are recorded in local public registers of mortgages. Except for interests in cars and commercial ships, which are also publicly recorded, other chattel interests generally are unrecorded.

Denmark is a party to the 1965 Convention on the Settlement of Investment Disputes between States and Nationals of other States, and to the 1958 Convention of the Recognition and Enforcement of Foreign Arbitral Awards. Subsequent Danish legislation makes international arbitration of investment disputes binding in Denmark. In addition, Denmark is a party to the 1961 European Convention in International Commercial Arbitration and to the 1962 agreement relating to the application of this convention.

A.5. Performance Requirements/Incentives: Denmark adheres to the WTO TRIMS Agreement and the Embassy has no record of any Danish non-compliance with that agreement. Monetary or other incentives to invest in Denmark are limited, which may be one of the reasons for the limited foreign greenfield investments in Denmark. On the other hand, the Danish Government imposes practically no restrictions on foreign investments which all receive national treatment.

Performance requirements are applied only in connection with investment in hydrocarbon exploration, where concession terms normally require a fixed work program, including seismic surveys and in some cases exploratory drillings, consistent with applicable EU directives.

Performance incentives are mostly designed to protect the environment, mainly through reduced energy and water use. A large number of environmental and energy taxes are imposed and ultimately fall mostly on households. Denmark was the first of the EU countries, in January 1993, to introduce a carbon dioxide (CO₂) tax on business and industry covering all sorts of energy use. The present CO₂ tax is about DKK 100 per ton of CO₂ emitted. For example, the CO₂ tax on diesel oil is about USD 0.12 per gallon, on electricity about USD 0.011 per kWh, on natural gas USD 0.025 per cubic meter, and on coal USD 27.47 per metric ton. However, companies with production dependent on large energy consumption, e.g., steel plants, glass and brick producers, and greenhouses, are reimbursed 75% of the tax. In addition, a SO₂ tax of DKK 10 (USD 1.14) per kilo of SO₂ emitted is imposed on all fuels. Offsetting part of the CO₂ tax on industry are a number of subsidy measures to promote renewable energy and natural gas use, and other measures reducing costs to business to avoid jeopardizing Danish competitiveness.

A.6. Right to Private Ownership and Establishment: As a general rule, any foreign or domestic private entity may freely establish, own, and dispose of a business enterprise in Denmark. The capital requirement for establishing a corporation (aktieselskab) is DKK 500,000 (USD 56,800) and for establishing a private company (anpartsselskab) DKK 200,000 (USD 22,700). Registration fees are nominal. Capital can take the form of goods, equipment and/or cash on hand. There is a general requirement that managers and at least half of the Board of Directors must be Danish or EU residents.

Denmark, like most other countries, has restrictions on establishment in legal, accounting, auditing, and medical services. Danish (or EU or Nordic) professional certification and/or local Danish experience to practice in Denmark are required.

Establishment of new large department stores outside city centers is on a non-discriminatory economic needs test basis.

Ownership restrictions are applied in a few sectors, including:

Hydrocarbon exploration. 20% Government participation, but on a "non-carried interest" basis.

Arms production. Maximum 40% of equity and 20% of voting rights may be held by foreigners.

Aircraft. Unless a waiver is granted, non-EU physical and legal persons may not directly own or exercise control over aircraft registered in Denmark.

Ships registered in the Danish International Ships Register (DIS). A Danish legal entity or physical person must own a significant share and exercise a significant control (some 20-25%) over such ship. In addition, ships under bareboat charter to a Danish company may be registered in the DIS. EU physical and legal persons may register a ship in Denmark provided it is administered and controlled from Denmark.

A.7. Protection of Property Rights: Denmark is a party to, and enforces, a large number of international conventions and treaties concerning protection of intellectual property rights. Denmark and the EU are also parties to and have ratified the WTO TRIPS Agreement. Denmark appears to offer adequate protection of property rights.

Patents: Denmark is a member of the World Intellectual Property Organization (WIPO). It adheres to the Paris Convention for the Protection of Industrial Property, the Patent Cooperation Treaty (PCT), and the Strasbourg and the Budapest conventions. Denmark has ratified the European Patent Convention and the EU Patent Convention.

Copyrights: Denmark is a party to the 1886 Bern Convention and its subsequent revisions, the 1952 Universal Copyright Convention and its 1971 revision, the 1961 International Convention for the Protection of Performers, etc., and the 1971 Convention for the Producers of Phonograms, etc. Software piracy is a problem in Denmark and is estimated to cost the industry more than USD 125 million annually. Software piracy is expected to decline due to recent successful efforts by, among others, the international software company-owned Business Software Alliance. In addition, responding to complaints from U.S. industries and the listing of Denmark on the U.S. Special 301 Watch List, Denmark in 2001 enacted new legislation in order to provide "inaudita altera parte" searches as required by TRIPS Article 50. There has also been a number of court cases on piracy of other items, including music CDs, which are likely to discourage piracy. There is no evidence that pirated products are imported to or exported from Denmark to any significant extent.

Trademarks: Denmark is a party to the 1957 Nice Arrangement and to this arrangement's 1967 revision. A new Danish trademark act entered into force January 1, 1992 which also implements the EU trademark directive harmonizing EU member countries' trademark legislation. Denmark, which formerly applied the "global exhaustion" principle on parallel imports, is now responding to a 1998 European Court ruling upholding "regional or community exhaustion." Nevertheless, Denmark (and a few

other EU countries) would like to see "global exhaustion" applied. Denmark strongly supports an EU-wide trademark system.

Trade Secrets: Trade secrets appear adequately protected in Denmark.

Semiconductor Chip Layout Design: Denmark has legislation implementing EU regulations for the protection of the topography of semiconductor products which also extends protection to legal U.S. persons.

A.8. Transparency of the Regulatory System: As an industrialized country based on a free market economy, Danish economic policy and laws foster competition. The Danish Competition Law was revised in 1997 (Act No. 384, June 10, 1997) in order to reflect (in large part, anyway) the "prohibition" principle used in most other EU and OECD countries. Another revision in 2000 (Act No. 416 of May 31, 2000 amending the Competition Act) added merger control into the legislation. As Denmark would like to see increasing foreign direct investments, its laws and policies, which grant "national treatment" to foreign investment, support that goal. Denmark applies high standards with regard to environment, health and safety, and labor. Bureaucratic procedures appear streamlined and transparent.

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A.9. Efficient Capital Markets and Portfolio Investment: As noted above, Denmark has fully liberalized foreign exchange flows, including for direct and portfolio investment purposes. Credit is allocated on market terms and is freely available (depending of course on collateral offered). A large variety of credit instruments are available, including, but not limited to, commercial bank overdraft facilities for operational purposes, investment loans, export credits and financial loans in foreign currencies.

There are 97 commercial banks and 90 small local savings and co-operative banks in Denmark with some 40,000 employees and total assets of USD 226 billion (1999). The assets of the two largest banks, Danske Bank and Unibank (now part of the Nordea Group domiciled in Sweden), amounted to USD 141 billion. Those two banks also operate as large financial supermarkets, each offering a broad variety of financial services in Denmark and abroad. There are no representative offices or branches of U.S. banks in Denmark, but a number of U.S. financial entities operate in Denmark cross-border from or through offices/branches in Denmark of their European headquarters, including Citicorp, GE Capital, Ford Credit Europe, and GMAC. The Danish banking system is sound and under strict control by the Financial Sector Supervisory Authority.

Danish legal, regulatory, and accounting systems for the business sector are transparent and largely consistent with EU directives and regulations.

Danish company law and regulations, except in relation to the sectors mentioned above, do not authorize companies to specifically limit or prohibit foreign investment. Also the Embassy has no record of any efforts, by private sector or the Government, to restrict foreign participation in standards setting consortia or organizations, nor of practices used by private firms to restrict foreign investment.

A.10. Political Violence: Political violence, as a general rule, is unknown in Denmark.

A.11. Corruption: Corruption is generally unknown in Denmark. Corruption is covered under the Danish Penal Code (Ministry of Justice Consolidated Act. No. 648 of August 12, 1997) which was most recently amended in March 2000 in order to implement the OECD Anti-Bribery Code (and the EU's and the Council of Europe's anti-bribery conventions) which, i.a., makes bribery of a foreign officials a criminal act. Penalties for violations range from fine to imprisonment of up to four years for a private individual(s) involved and up to six years for a Danish public employee(s) involved. In 1998, the Danish Ministry of Taxation repealed the right to deduct from taxes bribes paid by business to officials abroad. A recent study by Transparency International, which is also represented in Denmark, shows Denmark as country No. 2 in the world with the least corruption. The Embassy has no record of commercial-type corruption cases in Denmark nor of U.S. firms seeing corruption as an obstacle to investment in Denmark.

B. Bilateral Investment Agreements: Denmark's bilateral investment agreements are generally with countries where Danish investments involve participation of the government-funded investment funds (see below). Investment agreements have been entered with the following countries as of year-end 2000 (in alphabetical order and with year of publication): Argentina (1995); Bolivia (2000); Bulgaria (1996); Chile (1996); China, People's Republic of (1985); Egypt (2000); Estonia (1993); Ghana (2000); Hong Kong (1995); Hungary (1989); India (1997); Indonesia (1970); Korea, South (1988); Korea, North (1999); Latvia (1995); Lithuania (1994); Malaysia (1993); Mongolia (1997); Nicaragua (1998); Pakistan (1997); Peru (1997); Poland (1991); Romania (1996); Russia (1997); Czech and Slovak Federal Republic (1993); Sri Lanka (1985); South Africa (1997); Tunisia (2000); Turkey (1993); Ukraine (1995); Venezuela (1997); Vietnam (1995); and Zimbabwe (1999).

A new U.S./Danish "agreement to avoid double taxation" entered into force March 31, 2000. For taxes withheld at source, the treaty applies to amounts paid or credited on or after May 1, 2000; for all other taxes, the treaty applies to tax years beginning on or after January 1, 2001.

C. OPIC and Other Investment Insurance Programs: OPIC programs are not applicable to U.S. investments in Denmark, but may be used by at least 95% U.S.-owned subsidiaries in Denmark to support their investments in developing countries and in former east bloc countries. Investments in developing countries and in east and central European countries with a per capita GNP not exceeding USD 5,280 (year 2000) and in emerging markets are promoted through the Danish government-funded Industrialization Fund for the Developing Countries (IFU), the Investment Fund for East and Central Europe (IO), and the Investment Fund for Emerging Markets (IFV), all under the same administration. The funds offer assistance in identifying projects, with feasibility studies and with establishing joint ventures, which is also available to foreign-owned, including U.S., companies located in Denmark. In the project identification phase, the funds provide loans at preferential rates to finance feasibility studies which may be converted to a non-repayable grant if the project is established. In the active investment phase, the funds participate with share capital (up to 30% and with participation on the Board of Directors) and loans. The funds' total engagement in a project usually will not exceed 25% of the total investment. Once a project is financially consolidated and running smoothly, the funds withdraw from it.

Denmark is a member of the Multilateral Investment Guarantee Agency (MIGA).

D. Labor: The Danish labor force counts little over 2.8 million persons. The total number employed in 2000 was about 2.7 million, of which the private sector accounted for 70%. Official unemployment in 2000 came to 158,200, or 5.6% of the labor force, one of the lowest rates among the EU countries. Labor bottlenecks have occurred in some industries (mostly building and construction) and in some private (mostly information technology-IT) and public (mostly health) services. These bottlenecks, which have become reduced since late 2000, occurred as a result of recent years' economic upturn, the strong development of the IT sector, and of people temporarily withdrawing from the labor market in order to take advantage of the government-funded leave programs. The participation rate for women in the workforce is among the highest in the world (about 80% for women aged between 16 and 60 years). The labor force is highly organized with more than two million trade union members accounting for more than 80% of all wage and salary earners. Labor disputes and strikes occur sporadically in connection with new labor contract negotiations. As a general rule labor/management relations are excellent, based on democratic management principles and thus on dialogue and/or consensus rather than confrontation. Labor market conditions and wages are in general set in national labor contracts, the most recent concluded early 2001, covering the agroindustrial sector and running for four years. Other industrial sector contracts were concluded in early 2000 for four years and public sector contracts for three-year in early 1999. Employers are concerned that the out-of-step contracts may cause a spiral effect in unions' claims, with a negative impact for the economy, but so far that has not happened.

The contractual workweek for most wage earners is 37 hours. Employees are entitled to five weeks (plus five more days being phased in through 2004) of paid annual leave. Denmark has well functioning unemployment insurance and sick pay schemes.

Danish wages are high by international standards, but employer contributions to social security are very low. Thus, total employee costs per hour worked are lower in Denmark than in Germany, Japan, Norway, and Switzerland. In 2000, the average basic hourly wage cost in manufacturing was about DKK 150 (USD 18.60). Indirect and/or variable employer costs, including overtime, sick pay, holiday and vacation pay, social contributions, and fringe benefits add some 30% to the basic cost. The lowest paid worker (retail trade and cleaning) received about DKK 83 (USD 10.30) in basic hourly pay. Danish wages are expected to increase close to four percent in both 2001 and 2002. Denmark adheres to ILO conventions protecting worker rights. In a modern industrialized society like Denmark, with an expensive, highly skilled labor force, labor cost factors have impacted significantly on the country's technological direction. Most Danish firms, even the smallest ones, use state-of-the-art computers and equipment.

E. Foreign Trade Zones/Free Ports: The only free port in Denmark is the Copenhagen Free Port, which is operated by the Port of Copenhagen. The facilities in the free port are mostly used for tax-free warehousing of goods imported, for exports, in transit trade and to be distributed. Tax and duties are not payable until cargo leaves the Free Port. Also, processing of cargo, for example, preparing and finishing imported automobiles for sale, can freely be set up in the Free Port. Manufacturing operations can be established with the permission of the customs authorities, which is granted if special reasons exist for having the facility in the Free Port area. The Copenhagen Free Port welcomes foreign companies establishing warehouse and storage facilities, whether for servicing Denmark only or Scandinavia, part or all of the EU, or East European and the Baltic countries, including Russia. On January 1, 2001, the Port of Copenhagen and the Port

of Malmö (Sweden) merged their commercial operations, including the free port activities, in a joint company - CMP.

F. Foreign Investment Statistics: The Danish Central Bank, most recently in December 2000, published foreign direct investment (FDI) stock figures by country and by industry sectors as of the end of 1999 showing that total FDI in Denmark (equity capital and inter-company loans net) was valued at DKK 269.5 billion (USD 38.6 billion), up 35% from 1998. The largest foreign investor in Denmark by far is the United States; about 300 U.S. subsidiaries in Denmark account for more than one-third of total FDI in Denmark. Other major investors are Sweden (13.0%), United Kingdom (9.9%), the Netherlands (9.9%) and Norway (6.9%). Distributed by business sectors, financing and business services account for more than 40% followed by transport and telecommunication (24%), wholesale and retail trade (20%), and manufacturing (10%). The figure for the U.S. direct investment in Denmark has increased more than five-fold since 1996. In the same period, EU countries' direct investment in Denmark less than doubled. Recent FDI inflow statistics suggest that the market value of U.S. direct investment in Denmark exceeded DKK 100 billion at the end of 2000. Major U.S. direct investment in Denmark is in telecommunications, information technology, biotechnology, oil exploration, trade, and financial services.

EU countries account for 56% of Danish direct investment abroad, which was valued at DKK 277.9 billion at the end of 1999. The United Kingdom and Sweden together accounted for more than one-half of the EU figure. The United States is by far the largest non-EU destination for Danish direct investment abroad and accounted for 15% (some USD 6.1 billion) of the total, a more than quadrupling in value since 1996. In comparison, Danish direct investment in the EU in the same period rose less than 60% in value.

Reference is also made to the U.S. Department of Commerce's publication, Survey of Current Business, which provides additional information on the U.S. direct investment position in Denmark and vice-versa.

Following are tables showing FDI stock in Denmark and Danish direct investment abroad and net annual in- and outflows of equity capital.

Sources: Danish Central Bank (DCB), Direct Investments, end-1999 (special report) and DCB Monthly Financial Statistics; Embassy analysis.

Table 1. FDI in Denmark by Country of Origin (Year-end 1999 stock, market values, billions of Kroner)

	1999	percentage of total
Total FDI	269.5	100
As a percentage of GDP	-21.9	
U.S.A.	90.5	33.6
European Union (EU)	135.2	50.2
of which		
=Sweden	35.1	13

=-United Kingdom	26.6	9.9
=-The Netherlands	26.6	9.9
=-Germany	14.8	5.5
=-Other EU	32.1	11.9
Norway	18.6	6.9
Switzerland	8.7	3.2
Asia	5.1	1.9
Other n.e.s.	11.4	4.2

Table 2. FDI in Denmark by Sectors (Year-end 1999 stock, market values, billions of kroner)

	1999	percentage of total
Total	269.5	100
Agriculture, fisheries, and raw materials	6.3	2.3
Manufacturing	26.6	9.9
of which		
=-Metalworking	7.9	2.9
=-Food/beverages	5.3	2
=-Mineral Oil, Plastic, and Chemical Industries	4.9	1.8
Trade, hotels, etc.	52.9	19.6
Transport and Communication	63.5	23.6
Financial Sector and Business Services	109.2	40.5
of which		
=-Holding companies	62.7	23.3
Other n.e.s.	11	4.1

Table 3. FDI in Denmark by Country of Origin (net annual inflows of equity capital in billions of Kroner)

	1997	1998	1999	2000
TOTAL ALL	7.7	38.7	58.1	105.8
(percentage of GDP)	-0.7	-3.3	-4.7	-8.1
U.S.A.	0.5	25.1	12	16.4
European Union (EU)	5.5	8.8	41.4	61.8

of which				
=-United Kingdom	2.1	1.1	2.1	1.9
=-France	0.7	0.8	2.6	0.7
=-The Netherlands	-0.3	-0.8	19.9	3.8
=-Germany	0.5	0.7	1	2.5
=-Sweden	2.4	4.3	11.8	47.7
Norway	1.3	3.1	0.8	16.5
Japan	-	-	0.2	0.1

Table 4. FDI in Denmark, Distribution by Sectors (net annual inflows in billions of Kroner)

	1997	1998	1999	2000
TOTAL ALL	7.7	38.7	58.1	105.8
Manufacturing	3.1	0.6	4.4	5.9
of which				
=-Food/beverages	0.5	0.2	1.6	0.9
=-Mineral Oil, Plastic and Chemical Industries	0.2	0.1	0.1	2.4
=-Metalworking	1.6	0.2	2.9	2.4
Building/Construction	1	-	1.3	-0.1
Agriculture and Raw Materials	0.1	0.4	-	0.1
Trade, Hotels, etc.	1.5	2.7	6.4	1
Transport and Communication	0.7	25.1	2.8	16.6
Financial Sector and Business services	1.1	8.1	42.1	71.6
Other n.e.s.	0.2	1.6	1	10.8

Table 5. Danish direct investment abroad by destination (Year-end 1999 stock, market value, in billions of kroner)

	1999	percentage of total
Total	277.9	100
U.S.A.	42.7	15.4
European Union (EU)	156	56.1
of which		
=-Sweden	25	9
=-United Kingdom	55.6	20
=-The Netherlands	23.1	8.3
=-Germany	15	5.4
=-Other EU	37.3	13.4

Norway	17.9	6.4
Switzerland	13	4.7
East and Central Europe	16.7	6
Asia	10.7	3.9
Other n.e.s.	20.9	7.5

Table 6. Danish direct investment abroad by sectors (Year-end 1999 stock, market value, in billions of kroner)

	1999	percentage of total
Total	277.9	100
Agriculture, Fisheries, and Raw Materials	0.4	0.1
Manufacturing	61.5	22.1
of which		
=-Metalworking	5.6	2
=-Food/beverages	26.8	9.6
=-Mineral Oil, Plastic, and Chemical Industries	16.4	5.9
Trade, Hotels, etc.	29.6	10.7
Transport and Communication	27.5	9.9
Financial Sector and Business Services	143.8	51.7
of which		
=-Holding companies	109.6	39.4
Other n.e.s.	15.1	5.4

Table 7. Danish direct investment abroad by Country of Destination (net annual outflows of equity capital in billions of kroner)

	1997	1998	1999	2000
TOTAL ALL	17	18.4	81.5	39
(percentage of GDP)	-1.5	-1.6	-6.6	-3
U.S.A.	1.4	-4.4	16.6	15.8
European Union (EU)	11	17.4	45.4	-1
of which				
=-United Kingdom	2.3	10.7	1.8	-15
=-France	0.2	0.4	1.8	10.8

=-The Netherlands	0.6	0.2	13.7	-0.4
=-Germany	2.7	0.6	11.2	-0.4
=-Sweden	4.9	2.2	5.3	2.6
Norway	0.6	1.4	11.4	0.1
Switzerland	1.4	-1.8	0.2	7.3
Eastern Europe	1.3	3.5	2.4	1.6
Canada	0.6	0.1	0.2	N/A
Japan	0.1	0.3	-	0.1

Major FDI in Denmark by U.S. companies includes:

Ameritech (now SBC)	Telecommunications
BellSouth	Telecommunications
IBM	IT
Compaq	IT
Hewlett-Packard	IT
Intel	IT
Computer Sciences Corp., USA	IT
ADC Telecommunications Inc.	IT
Texaco	Energy
Amerada Hess	Hydrocarbon exploration
Ashland	Road Construction
Masco	Furniture and Sanitary Fittings
York Holding Corp.	Refrigerating Equipment
Tenneco Inc.	Automotive
Lucent Technologies	Optical fibers
3M	Tapes, Health Care and Pharmaceutical products
Sauer Inc.	Fluid Power
CP Kelco	Pectin and carrageenan
Doane Pet Care Co.	Pet Food
GE Capital	Financial Services
Biogen	Biotechnology

Other FDI in Denmark mostly comes from Denmark's neighboring countries or other nearby countries, including Sweden, Norway, Finland, Germany, and the United Kingdom. Most of those nations' major companies, and numerous smaller ones, have a presence in Denmark, either as sales/marketing offices or in production, including as suppliers to the parent company. Foreign companies with large investments in Denmark include Statoil, Norway; L.M. Ericsson, Sweden; Nordea, Sweden; Siemens, Germany; APV, United Kingdom; and Q8 Oil, Kuwait.

8. TRADE AND PROJECT FINANCING

Foreign Exchange Controls Affecting Trading:

There are no foreign exchange controls in Denmark.

General Financing Availability:

The vast majority of small-to medium-sized Danish firms are financed by commercial bank credit lines. The credit line is typically extended on a continuous, revolving basis

and is not subject to an annual settlement. Such credit lines are usually established to finance day-to-day operations, including inventory financing. Larger corporations may obtain capital through stock offerings on the Copenhagen Stock Exchange, and in some cases Danish companies also make use of U.S. stock exchanges. Institutional investors such as pension funds also play a major role in financing Danish companies, and such investments are usually carried out following individual negotiations. Financing is often a problem for small-to medium-sized companies with high growth, or growth potential. Frequently, such companies choose to or are forced to solve their financing problems by selling out to foreign, including U.S., corporations. During the last decade, the concept of venture capital has also caught on in Denmark and can now be described as an established method of financing. However, venture capital funding applies primarily to IT and bio-technology companies.

How to Finance Exports/Methods of Payment:

U.S. exports to Denmark are usually financed by the importer or the importer's bank. Eximbank financing is available but rarely, if ever, used. The most common method of payment for an importer in the early phases of a business relationship is by Irrevocable Letter of Credit opened through a commercial bank. This is a recognized procedure, well-known and acceptable to Danish banks and importers. When a business relationship has reached a stage of mutual trust, payment credits are often extended by the exporter for periods varying from 30 - 90 days. In some cases, payment by credit card may prove to be the simplest and most effective means of payment. There are no local credit facilities available specifically to finance imports from the United States, or from any other country.

Types of Available Export Financing:

Most exports to Denmark are financed by Danish commercial banks. Eximbank financing is available but rarely, if ever, used.

Project Financing Available:

The Danish Government arranges its own financing for infrastructure projects. Private projects are financed through a well-established local capital market. Multilateral institutions which make project finance available include the European Investment Bank and the Nordic Investment Bank.

List of Banks with Corresponding U.S. Banking Arrangements:

All major Danish banks have correspondent bank relationships in the United States. Most of them have such relationships with more than one American bank. The two largest Danish banks have branches in New York as listed below:

Danske Bank
280 Park Avenue
New York, NY 10017-1216

Nordea/Unibank
Merita Bank Plc
New York Branch
437 Madison Avenue
New York, NY 10022

9. BUSINESS TRAVEL

Business Customs:

Danish business people can appear somewhat formal at first, but are likely to quickly show a more informal side of themselves, just as the dress code sometimes may seem a little relaxed to an American business person. However, they are likely to get down to business right away and are generally conservative and efficient in their approach to business meetings. Handshakes are the accepted form of greeting. Danes shake hands both for greetings upon arrival and departure from a meeting. Unlike in the United States, men do not stand when a woman enters or leaves a room. Virtually all Danish business people have a good working knowledge of English and interpreters are rarely required. However, in some cases American forms of greeting can be misunderstood. The standard American greeting "How are you?" may, although rarely, be misunderstood. "I'm pleased to meet you" is preferable and conveys a more sincere message. Business gifts are not a normal custom in Denmark. Business entertaining is usually done at lunch, and more rarely at dinner in a restaurant. Even more rarely is it to be invited for dinner at the home of a business acquaintance. Should it occur, bringing flowers for the hostess would be suitable.

Business Appointments:

Advance appointments are always required and punctuality is a must; it is considered rude to be late. Danes work shorter hours than Americans. The standard work week is 37 hours. Mandatory vacation is five weeks plus up to five more days per year (a sixth week is fully phased in all labor contracts by 2003), plus local holidays (see below). At least three weeks are taken during summer. School summer vacation is from about June 20 to about August 8 and generally, business is slow in that period with many executives out and some companies closed. It is not advisable to schedule business meetings or other business activities in Denmark from late June to early August, from December 20 - January 5, or in the week of Easter. Danes treasure their leisure time, most of which is spent with the family. Business persons should not routinely expect to meet with their Danish counterparts after 4.00 p.m. on weekdays. On Fridays, many Danes leave early, generally between 2 - 3 p.m. Do not plan meetings for Saturdays, Sundays, or on national holidays (see below). Not all Danes appreciate breakfast meetings, which should be scheduled only with due consideration to the situation.

Travel Advisory and Visas:

American business visitors and tourists do not need visas if staying in Denmark for less than three months. The national carrier, Scandinavian Airlines System (SAS) provides non-stop service from Copenhagen to New York, Chicago, Washington D.C. and Seattle with United Airlines as a U.S. partner. The major U.S. credit cards are accepted in Denmark and all major U.S. car rental companies have offices at airports and major cities. A number of Danish hotels are affiliated with U.S. hotel management companies. Consequently, a U.S. business visitor may plan his entire trip to Denmark through his local travel agent, including overseas and local transportation and lodging. Denmark is known as one of the safest places in the world to be. It is without natural disasters and crime rates are low. Even so, Denmark still does have its share of pick-pockets and other potential unpleasanties, so common sense and a certain caution are always a good travel companions. Up-to-date travel information on Denmark, and all other countries, is available on the Department of State's web site: [HTTP://travel.state.gov](http://travel.state.gov)

If an American visitor plans to stay in Denmark for a period of more than three months, or if they have already been resident in Denmark or one of the other Scandinavian

countries for the last nine months, he or she must apply for both residence and work permits before arriving in Denmark. This rule applies to all non-EU citizens. In the United States, applications may be submitted to the Royal Danish Embassy, or one of its diplomatic missions in the larger U.S. cities.

Business travelers to Denmark seeking appointments with U.S. Embassy Copenhagen officials should contact the Commercial Section in advance. The Commercial Section can be reached on telephone (011 45) 35553144, #401 or by fax at (011 45) 35420175.

Holidays (2001):

January 1 (New Year's Day), April 12 (Maundy Thursday), April 13 (Good Friday), April 16 (Easter Monday), May 11 (Prayer Day), May 24 (Ascension Day), June 4 (Whit Monday), June 5 (Constitution Day), December 24 (Christmas Eve), December 25 (Christmas Day), December 26 (Second Christmas Day), December 31 (New Years Eve).

Holidays (2002):

January 1 (New Year's Day), March 28 (Maundy Thursday), March 29 (Good Friday), March 31 (Easter Sunday), April 1 (Easter Monday), April 26 (Prayer Day), May 9 (Ascension Day), May 19 (Whit Sunday), May 20 (Whit Monday), June 5 (Constitution Day), December 24 (Christmas) December 25 (Christmas Day), December 26 (Second Christmas Day), December 31 (New Years Eve).

The American Embassy is closed for business on these and on official U.S. holidays. Note that the dates of Denmark's spring holidays – Maundy Thursday through Whit-Monday – will vary from year to year, while the date of Constitution Day is fixed.

Business Infrastructure:

Denmark (not including Greenland and the Faeroe Islands) has a population of 5.3 million people and covers an area of 43,000 sq.km of which the Jutland peninsula accounts for 29,776 sq.km. Denmark is an island country, but this fact does not restrict the ease of travelling within the country. The infrastructure is excellent everywhere and all major islands and the peninsula of Jutland are inter-connected by a network of tunnels and bridges. The capital of Denmark is Copenhagen (1.3 million), which is also the center of government and business, is located on the island of Zealand, close to western Sweden. In July 2000, Copenhagen became connected to Sweden by a ten mile bridge/tunnel fixed link. Denmark's second largest city, Aarhus, is located on the Jutland peninsula, about four hours drive by car from Copenhagen. Business visitors can also move easily from one part of the country to another by train or domestic airlines. There are 70,000 km of fine roads in Denmark (including 1,000 km of freeway) and a 3,000 km railway network. There are 12 civilian airports, plus the Copenhagen Airport (Kastrup), which is a major international airport and serves as the Scandinavian hub for SAS (Scandinavian Airline System). The Copenhagen Airport was recently elected the world's best airport by the international airline organization IATA. Copenhagen also has a modern seaport catering to freight vessels as well as to ocean cruise liners, and Copenhagen has become one of the most popular points of departure for cruise liners in Europe. The Port of Copenhagen includes a free port (see above). Other major ports are at Esbjerg, Aalborg, Aarhus, and Fredericia. The port of Esbjerg is the center for off-shore oil and gas activities in Denmark. Telecommunication services are highly developed. Its telephone systems provide first class digital service, and several cellular system providers offer excellent European and worldwide mobile communications.

Virtually all Danes have a good working knowledge of English and most Danish business people speak English as a second language. Many also speak German and some French. Interpreters are rarely required.

Housing: For expatriates working in Denmark, rental of a house or an apartment is the most common arrangement. Housing costs are well above those in major American cities. Denmark has a high standard of living. Public and private health services are generally good. The price level for food and durable consumer goods is considerably higher than that of the United States, and among the highest in Western Europe. Automobiles are more heavily taxed than in other European countries and cost about three times what they would in the United States. Americans will recognize many U.S. food and other consumer item brands in Danish stores.

10. ECONOMIC AND TRADE STATISTICS

Appendix A: Country Data

Population (Jan. 1, 2001):

Denmark Proper:	5.35 million
Faroe Islands:	46,196
Greenland:	56,124 (Jan.2000)
Population Growth Rate:	0.4%
Religion:	Membership National Church (Evangelical Lutheran) 86%
Government System:	Constitutional Monarchy
Head of State:	Queen Margrethe II
Head of Government:	Prime Minister Poul Nyrup Rasmussen (Social Democrat)
Language:	Danish (most business people speak English)
Work Week:	37 hours, Monday through Friday

Appendix B: Domestic Economy

Note: The depreciation of the Danish Krone against the U.S. dollar is the reason that the economic figures expressed below in dollar terms may have shrunk in recent years.

In millions of U.S. dollars unless otherwise stated, converted from Danish Kroner (DKK) at yearly average DKK/\$ exchange rates. P = Projected

	1999	2000	2001P
GDP at current prices	176,158	162,204	155,000
GDP Growth Rate (Real)	2.9%	2.9%	1.5%
Per Capita GDP, current prices(\$)	33,118	30,390	28,940
Government Spending (%/GDP)	54.5%	52.4%	52.7%
Inflation (%)	2.5%	3.0%	2.1%
Unemployment Rate (%/Labor Force)	5.6%	5.3%	5.4%
Foreign Exchange Reserves, Yr End	24,081	15,511	15,000
Average Dollar Exchange Rate(DKK)	6.98	8.09	8.8
Debt Service Ratio 1/	3.7%	4.3%	3.7%

1/ This figure covers net interest payments on the foreign debt and net dividends paid to abroad as a percentage of total goods and services export income.

Appendix C: Trade Statistics

In millions of U.S. dollars based on yearly average DKK/\$ exchange rates.

	1999	2000	2001P
Total Commodity Exports (fob)	49,679	50,114	48,500
Exports to U.S.A.	2,774	2,956	3,000
U.S. Share	5.6%	5.9%	6.2%
Total Commodity Imports (cif)	44,669	44,593	42,500
Imports from the U.S.A.	2,094	1,807	1,700
U.S. Share	4.7%	4.1%	4.0%

Imports of Manufactured Goods in 2000 (SITC 5-9 less Gold)

Total (From World)	35,267
From the U.S.A.	1,580
U.S. Share of Manufactured Imports	4.5%
Manufactured Goods Balance with U.S.A.	857

Projected Average Annual Growth Rate Through 2001

From World	4.0%
From the U.S.A.	0.0%

Imports of Agricultural Goods in 2000 (SITC 0-1-21-22-24-29-4)

From World	6,179
From the U.S.A.	195
U.S. Share of Agricultural Imports	3.2%
Agricultural Goods Balance with U.S.A.	219

Trade Balance with Three Leading Partners (2000)

Germany	-235
Sweden	1,053
United Kingdom	666

Top-Five U.S. Exports to Denmark in 2000

HS 88.02 (Aircraft)	128
HS 84.31 (Oil drilling parts)	99
HS 88.03 (Aircraft parts)	60
HS 90.18 (Medical instruments)	52
HS 84.71 (Computers)	52

Top-Five Imports from Denmark in 2000 2/

HS 94.03 (Furniture)	146
HS 02.03 (Pork meat)	145

HS 90.01 (Optical fibers)	130
HS 90.21 (Hearing Aids)	101
HS 27.09 (Crude oil)	88

2/ Danish statistics treat figures on exports to the United States of plastic toy blocks (HS 95.03 made by Lego) and certain organic sulfur compounds (HS 29.30.90) as "business confidential". Based on previous years' U.S. import statistics, these Danish exports to the United States probably amounted to between \$75 and \$150 million each in 2000.

Source: Danish Economics Ministry's "Economic Review, May 2001", Danish Bureau of Statistics and U.S. Trade Statistics.

11. US AND COUNTRY CONTACTS:

Note: Telephone country code for all of Denmark is +45. There are no city codes. All phone and fax numbers are 8-digit.

1. Industry Sector Contacts

a) Danish Government Agencies

Ministry of Foreign Affairs
 Asiatisk Plads 2
 DK-1448 Copenhagen K.
 Tel: 33 92 00 00
 Fax: 31 54 05 33
 Web: www.um.dk

Ministry of Trade and Industry
 Slotsholmsgade 12
 DK-1216 Copenhagen K.
 Tel: 33 92 33 50
 Fax: 33 12 37 78
 Web: www.em.dk

Ministry of Food, Agriculture and Fisheries
 Veterinary and Food Directorate
 Moerkhoej Bygade 19
 DK-2860 Soeborg
 Tel: (45) 33 95 60 00
 Fax: (45) 33 95 60 01
 Web: www.foedevaredirektoratet.dk

Central Customs and Tax Administration
 Customs Center Copenhagen
 Snorresgade 15
 DK 2300 Copenhagen S.
 Denmark
 Tel: (45) 32 88 73 00
 Fax: (45) 32 95 18 74

Miljøstyrelsen (Danish Environmental Protection Agency)
Strandgade 29
DK-1401 Copenhagen K.
Tel: 32 66 01 00
Fax: 32 66 04 79
Web: www.mst.dk

Patent- og Varemærkestyrelsen (The Danish Patent Office)
Helgeshøj Alle 81
DK-2630 Taastrup
Tel: 43 50 80 00
Fax: 43 50 80 01
Web: www.dkpto.dk

Sundhedsstyrelsen (National Board of Health)
Amaliegade 13
DK-1256 Copenhagen K.
Tel: 33 91 16 01
Fax: 33 93 16 36
Web: www.sst.dk

Laegemiddelstyrelsen (The Danish Medicines Agency)
Frederikssundvej 378
DK-2700 Bronshøj
Tel: 44 88 91 11
FAX: 44 91 73 73
Web: www.laegemiddelstyrelsen.dk; www.dkma.dk

Telestyrelsen (National Telecom Agency)
Holsteinsgade 63
DK-2100 Copenhagen O.
Tel: 35 43 03 33
FAX: 35 43 14 34
Web: www.tst.dk

b) Trade Associations/Chambers of Commerce

The American Chamber of Commerce in Denmark
Christians Brygge 28
DK-1559 Copenhagen V
Tel: 33 93 29 32
Fax: 33 13 05 17
Web: www.amcham.dk

The Danish Chamber of Commerce
Børsen
DK-1217 Copenhagen K.
Tel: 33 95 05 00
Fax: 33 32 52 16
Web: www.commerce.dk

Confederation of Danish Industries
H.C. Andersens Boulevard 18
DK-1787 Copenhagen V.
Tel: 33 77 33 77
Fax: 33 77 33 00
Web: www.di.dk

The Agricultural Council
Axeltorv 3
DK-1609 Copenhagen V
Tel: 33 14 56 72
Fax: 33 14 95 74
Web: www.landbrugsraadet.dk

Danish Franchise Association
Lyngbyvej 20
DK-2100 Copenhagen O
Tel: 39 15 82 82
Fax: 39 15 80 10
Web: www.dk-franchise.dk

c) Commercial Banks

Citibank International plc, Denmark Branch
Dagmarhus
H.C. Andersens Boulevard 12
DK-1553 Copenhagen V.
Tel: 33 63 83 83
Fax: 33 33 83 33
Web: www.citigroup.com

Danske Bank A/S
Holmens Kanal 2-12
DK-1092 Copenhagen K.
Tel: 33 44 00 00
Fax: 39 18 58 73
Web: www.danskebank.dk

Unibank A/S
Torvegade 2
DK-1786 Copenhagen V.
Tel: 33 33 33 33
Fax: 33 33 12 12
Web: www.unibank.dk

A/S Jyske Bank
Vestergade 8-16
DK-8600 Silkeborg
Tel: 89 22 22 22
Fax: 89 22 24 96
Web: www.jyskebank.dk

d) U.S. Embassy Trade Personnel

Stephan Helgesen
Senior Commercial Officer
American Embassy
Dag Hammarskjolds Alle 24
DK-2100 Copenhagen O.
Tel: 35 55 31 44
Fax: 35 42 01 75

American Embassy
Office of Agricultural Affairs (FAS)
Dag Hammarskjolds Alle 24
DK-2100 Copenhagen O
Denmark
Tel: (45) 35-55-31-44 (Embassy switchboard)
Tel: (45) 35-26-10-81 (FAS direct line)
FAX: (45) 35-43-02-78 (FAS)
Mailing address for mail from the U.S.A.:
Agricultural Affairs (FAS)
PSC 73
American Embassy
APO AE 09716-5000

e) Washington-based USG Country Contacts

TPCC Trade Information Center
Washington DC
Tel: 1-800-USA-TRADE

Agricultural Export Services Div.
Foreign Agricultural Service (FAS)
U.S. Department of Agriculture
14th and Independence Ave, SW
Washington DC 20250-1000
Tel: 202-720-7420
Fax: 202-690-4374

U.S. Department of Commerce
Denmark Desk
Room H-3043
14th and Constitution Ave., N.W.
Washington, DC 20230
Tel: (202)-482-4414
Fax: (202)-482-2897

f) U.S.-based Multipliers Relevant for Denmark

Royal Danish Embassy
3200 Whitehaven St. N.W.

Washington, DC 20008
Tel (202) 234 4300
Fax (202) 328 1470

Royal Danish Consulate General Chicago
211 East Ontario St. Suite 1800
Chicago, IL 60611-3242, USA
Tel (312) 787 8780
Fax (312) 787 8744

Royal Danish Consulate General Los Angeles
10877 Wilshire Blvd., Ste 1105
Los Angeles, CA 90024
Tel: (310) 443 2090
Fax: (310) 443 2099

Royal Danish Consulate General New York
825 Third Avenue
New York, NY 10022-7519
Tel: (212) 223 4545
Fax: (212) 754 1904

Danish American Chamber of Commerce
825 Third Avenue, 32nd Fl.
New York, NY 10022
Tel: (212) 980 6240
Fax: N/A

12. MARKET RESEARCH

A. Commercial Service Reports:

Note: ISA Reports are generally more comprehensive and less time-sensitive than IMI's. Both types of reports are available electronically at the address:
www.usatrade.gov

Industry Sector Analysis (ISA):

Date	Title
09-SEP-00	AIRPORT DEVELOPMENT OPPORTUNITIES
09-SEP-00	HAZARDOUS WASTE MANAGEMENT AND DISPOSAL EQUIPMENT, TECHNOLOGIES AND SERVICES
27-SEP-00	VISIT USA MARKET
28-SEP-00	VALUE-ADDED TELECOM SERVICES
31-JAN-01	DENMARK - DEFENSE INDUSTRY UPDATE
27-MAR-01	M-COMMERCE BRIEF: DENMARK
02-MAY-01	DEFENSE INDUSTRY EQUIPMENT
15-JUN-01	AUTOMOTIVE PARTS AND SERVICES
03-JUL-01	BIOTECHNOLOGY WITH MEDICAL APPLICATIONS

International Market Insights (IMI):

Date	Title
30-JUL-00	PRIVATE HEALTH INSURANCE MARKET GROWING RAPIDLY
30-JUL-00	COMMERCIAL INTERNET USE IN DENMARK
01-AUG-00	EXPORT OPPORTUNITY: NOTIFICATION OF INTENT TO INVITE COMPETITIVE BIDS: VHF AND UHF RADIOS
10-AUG-00	EXPORT OPPORTUNITY: TETRA: INVITATION TO BID FOR FREQUENCY LICENSES
10-AUG-00	RECORD GROWTH IN NEW SERVICES SUB-SECTOR
10-AUG-00	GUIDE FOR U.S. EXPORTERS: ENVIRONMENT TECHNOLOGY, DENMARK
19-AUG-00	MAJOR NEW OFF-SHORE ACTIVITY IN THE NORTH SEA
19-AUG-00	NEW PLAYERS IN LIBERALIZED DANISH POWER SECTOR
19-AUG-00	OPPORTUNITIES FOR US COMPANIES: GROUP OF NORDIC IT COMPANIES VISITING THE USA
22-AUG-00	PROCUREMENT OPPORTUNITIES WITH MULTINATIONAL ORGANIZATION WITH HEAD OFFICES IN COPENHAGEN
22-AUG-00	PROCUREMENT OPPORTUNITIES WITHIN MAJOR INTERNATIONAL ORGANIZATIONS WITH HEADQUARTERS IN DENMARK
22-AUG-00	PROCUREMENT OPPORTUNITY FOR INTERNATIONAL ORGANIZATION WITH HEADQUARTERS IN COPENHAGEN
22-AUG-00	PROCUREMENT OPPORTUNITIES FOR INTERNATIONAL ORGANIZATION WITH HEADQUARTERS LOCATED IN COPENHAGEN
06-SEP-00	PROCUREMENT OPPORTUNITY WITH INTERNATIONAL ORGANIZATIO
09-SEP-00	PATENT PROTECTION OF HUMAN GENES IN DENMARK
09-SEP-00	NEW OIL DISCOVERY IN THE DANISH NORTH SEA
09-SEP-00	DANISH COMPANY DEVELOPS E-TRADE POSSIBILITIES
09-SEP-00	PROPOSED BALTIC PIPELINE PROJECT
22-SEP-00	OPPORTUNITIES IN E-COMMERCE: DENMARK
02-NOV-00	UNFPA MEDICAL AND PHARMACEUTICAL TENDER
02-NOV-00	MULTI-ORGANIZATIONAL PROCUREMENT OPPORTUNITY WITHIN HIV SECTOR
22-NOV-00	ARMED VEHICLE INTERCOM SYSTEM WITH RADIO EQUIPMENT FOR DANISH ARMY
22-NOV-00	ADVANCED ESSM FIRE CONTROL AND RADAR SYSTEM FOR DANISH NAVY
23-NOV-00	CARLSBERG ENTER THE BIO-TECH SECTOR
23-NOV-00	MAJOR CONSTRUCTION PROJECT PROPOSED FOR EXHIBITION CENTER
23-NOV-00	UNFPA ANNOUNCES PROCUREMENT OF 80,000 BLOOD BAGS FOR INDONESIA.
23-NOV-00	TRAINING AND CONSULTANCY SERVICES REQUIRED FOR UN AGENCY
23-NOV-00	NEW WEB SCHEME FOR E-COMMERCE
29-NOV-00	"MEDICON VALLEY" RECEPTIVE TO US BIOTECHNOLOGY COMPANIES
01-DEC-00	TAXATION OF BLANK CD AND CD BURNERS HITS DANISH CONSUMERS
01-DEC-00	DANISH EXHIBITION OF EQUIPMENT FOR DISABLED PEOPLE, NURSING AND HOSPITALS
17-DEC-00	NEW OECD REPORT CALLS FOR FURTHER LIBERALIZATION OF THE DANISH TELECOM SECTOR
17-DEC-00	ECO-LABELLING IN THE DANISH MARKET
17-DEC-00	THE ORESUND REGION - A NEW SILICON VALLEY?

17-DEC-00 NEW RULES FOR MARKING AND USE OF RADIO EQUIPMENT AND
 TELECOMMUNICATIONS TERMINAL EQUIPMENT
 17-DEC-00 GOVERNMENT REPORT CALLS FOR INCREASED COMPETITION IN
 CONSTRUCTION INDUSTRY
 17-DEC-00 DEVELOPMENT WITHIN THE DANISH SHIPPING INDUSTRY
 17-DEC-00 EXTENSIVE R&D WITHIN THE ITC-INDUSTRY IN THE NORTHERN PART
 OF DENMARK
 04-JAN-01 DVD MARKET OPPORTUNITY IN DENMARK
 04-JAN-01 US PET FOOD MANUFACTURERS REQUIRED BY DANISH IMPORTER
 04-JAN-01 TRADE FIGURES ANNOUNCED FOR DANISH MEDICINE INDUSTRY
 04-JAN-01 ANTHROPOMETRIC EQUIPMENT FOR UNICEF - TIME SENSITIVE
 11-JAN-01 FIXED WIRELESS ACCESS (FWA) LICENSES ISSUED
 11-JAN-01 GOVERNMENT REFUSES REQUEST FOR CO-ORDINATION OF
 BIOTECHNOLOGY SECTOR
 11-JAN-01 NEW DANISH RULES FOR IMPORT OF PRODUCTS
 11-JAN-01 NOVO NORDISK USES INTERNET TO INCREASE CUSTOMER LOYALTY.
 11-JAN-01 DANISH MARKET RECEPTIVE TO MOLECULAR BIOLOGY PRODUCTS
 13-JAN-01 SALES OPPORTUNITY FOR THE MOLDING INDUSTRY - TIME
 SENSITIVE
 18-JAN-01 UNOPS REQUESTS LIST OF SOYA MEAL SUPPLIERS – TIME SENSITIVE
 27-JAN-01 ANOTHER "BIOTECH MECCA" IN DENMARK?
 27-JAN-01 SUBSTANTIAL INVESTMENT IN MEDICON VALLEY
 27-JAN-01 DENMARK RECEIVES SWEDISH SUBMARINE "WITH STRINGS
 ATTACHED"
 27-JAN-01 NOVO NORDISK TARGET USA
 29-JAN-01 ACTION PARKS DRAINS LEGO AS THEY JOIN CO-OPERATIVE
 AGREEMENT WITH MICROSOFT
 29-JAN-01 SUPERMARKETS WIDENS LINE OF PRODUCTS
 30-JAN-01 MAJOR FURNITURE MANUFACTURER AIMS ON DESIGN
 31-JAN-01 DANISH COMMERCIAL AIRLINES UNDER EU INVESTIGATION
 31-JAN-01 SCANDINAVIA'S LARGEST TRADE FAIR SHOW 2001
 31-JAN-01 DISCOUNT CHAIN STORES PROFITS ON DECREASED CONSUMPTION
 08-FEB-01 SAS AND MAERSK STILL UNDER MEDIA SPOTLIGHT FOLLOWING
 "MONOPOLY" ALLEGATIONS.
 10-FEB-01 INVESTOR RELATIONS OPPORTUNITIES IN DENMARK
 10-FEB-01 LEADING DEVELOPER OF RECHARGEABLE BATTERIES GOES PUBLIC
 10-FEB-01 INEFFICIENT DANISH SEARCH ENGINES
 10-FEB-01 ANOTHER VENTURE CAPITAL GROUP OPENS FOR BUSINESS IN
 COPENHAGEN
 12-FEB-01 SCANDINAVIA'S LARGEST FASHION FAIR 8TH AUGUST 12TH 2001
 23-FEB-01 SCANDINAVIAN FURNITURE FAIR 2ND MAY 6TH 2001
 28-FEB-01 LUNDBECK TO DECREASE PRICES FOR ANTI-DEPRESSANT?
 28-FEB-01 EXCELLENT DEFENSE SALES OPPORTUNITIES FOR US DEFENSE
 INDUSTRY
 06-MAR-01 SAS POINT TO PERSISTENT PROBLEMS WITH NON-US AIRCRAFT
 07-MAR-01 RELEASE INTO ENVIRONMENT OF LIVING GENETICALLY MODIFIED
 ORGANISMS (GMO)
 14-MAR-01 FUTURE LOOKS WORRYING FOR NETDOKTOR
 27-MAR-01 UN OPENS NEW PROCUREMENT WEB-SITE

27-MAR-01 THE MARKET FOR HEALTH CARE SERVICES
 27-MAR-01 MAJOR DEVELOPMENT IN DANISH CONSTRUCTION INDUSTRY
 30-MAR-01 WASTE ELECTRONICS AND ELECTRICAL DEVICES IN DENMARK
 19-APR-01 FACTS AND FIGURES FOR THE DANISH BIOTECH INDUSTRY
 21-APR-01 NEW INTERNATIONAL AIRPORT FOR WESTERN DENMARK?
 25-APR-01 DANISH IT-COMPANY SOLD AT A BARGAIN PRICE
 25-APR-01 MAJOR PUBLIC WORK IN ORESTAD, COPENHAGEN
 26-APR-01 OPPORTUNITIES IN HANDLING WASTED DRINK CANS
 26-APR-01 NEW TREND IN DANISH TOURISM SECTOR
 01-MAY-01 DANISH BIOTECH PRODUCTS NEARING PHASE III
 17-MAY-01 MARKET OPPORTUNITY FOR SMES OF CONSUMER GOODS PRODUCTS
 18-MAY-01 SAS - INTRODUCE DIRECT AIRFARE WASHINGTON DC – COPENHAGEN
 23-MAY-01 US BIOTECH / MEDICAL / IT COMPANIES INVITED TO MEET DENMARK ON THEIR DOORSTEP
 24-MAY-01 SALES OPPORTUNITY FOR US MANUFACTURERS OF PLASTIC TARPAULINS, BLANKETS AND KITCHEN SETS
 31-MAY-01 US DEFENSE INDUSTRY TO MEET PRESSURE FROM DANISH PEERS
 20-JUN-01 NEW PUBLIC PROCUREMENT PORTAL IN DENMARK
 20-JUN-01 URGENT: BIDDING PROCESS ON FIXED LINK BETWEEN DENMARK AND GERMANY ALMOST DUE
 29-JUN-01 FINAL 3G AUCTION RULES
 10-JUL-01 FRANCHISING, A SPARKLING CULTURE IN DENMARK
 10-JUL-01 OPPORTUNITY FOR US ENGINEERING / CONSULTANCY COMPANIES
 10-JUL-01 PRE-QUALIFICATION OF ENGINEERING COMPANIES, CONTRACTORS, SUPPLIERS AND OPERATIONAL PARTNERS FOR PROJECTS OF THE LITHUANIAN MUNICIPALITIES OF DRUSKININKAI AND LAZDIJAI
 10-JUL-01 US OPPORTUNITY TO ESTABLISH AND OPERATE BIOTECHNOLOGY RESEARCH PARK

B. Foreign Agricultural Reports:

Food and Agricultural Import Regulations and Standards (FAIRS).

The report includes food laws, labeling requirements, food additives regulations, pesticides and other contaminants, and other specific standards as well as a list of authorities to contact.

The report is available on the Internet at: www.fas.usda.gov.

13: TRADE EVENT SCHEDULE

(Note: Schedule reflects information available to Embassy at time of writing. U.S. companies are advised to consult the Export Promotion Calendar on the NTDB or the Embassy's Commercial Section for the latest information)

a. Events in Denmark:

03/02 Visit USA Travel Seminar and Exhibition, Copenhagen

b. Events Outside Denmark, promoted by Commercial Service Copenhagen:

10/01 WEFTEC Anaheim, CA (Water Treatment),
11/01 Comdex Fall, Las Vegas, Nevada (Computers)
11/01 PowerGen, Atlanta, GA (Electrical Power)
11/01 World Travel Market, London (Tourism)
11/01 Medica, Dusseldorf, Germany (Medical)
02/02 Cebit 2001, Hanover, Germany (IT)
03/02 ITB, Berlin (Tourism)
04/02 Intl. Franchising Expo, Washington
05/02 PowerGen Europe, Brussels, Belgium (Electrical Power)
06/02 Farnborough Air Show, Farnborough UK (Aircraft/Aviation)
11/02 Medica, Dusseldorf, Germany (Medical)

In addition to the above, post plans to

- Promote Danish attendance to International Buyers Program (IBP) trade events in the United States, with special emphasis on the selected Showcase Europe industry categories and the categories identified in the Best Prospects List.
- Promote Danish attendance at major European shows and missions with USDOC-organized American participation.
- Continue series of Showcase Europe-related business meetings hosted by the Ambassador/DCM.
- Carry out on behalf of U.S. NTM companies, single company product/service promotions in the Embassy's auditorium.